



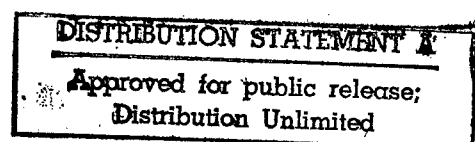
JPRS Report

East Asia

Southeast Asia

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STATE OF CAMBODIA

Koh Kong Official Cited on Investment

92SE0014A Bangkok DAO SIAM in Thai
8 Sep 91 pp 11, 13

[Text] Mr. Amon Anantachai, the governor of Trat Province, said that trade and investment prospects in Cambodia are very promising now that the war there is drawing to a close. The deputy governor of Koh Kong Province has said that Cambodia wants investors from Thailand.

Mr. Amon said that Mr. Ai Khon, the deputy governor of Koh Kong Province, told him that Cambodia has promulgated a law to guarantee [investors'] rights and that investors can send their profits and revolving capital home through the banks. The Thai Commerce Bank Ltd. has already established a branch in Phnom Penh.

The governor of Trat Province said that those who want to invest must submit their plans to Koh Kong Province first. Cambodian income taxes or trade taxes are quite low, amounting to approximately 10-15 percent of net

profits. As for tourism in Koh Kong Province, officials will do their best to facilitate things. People should inform officials where they plan to go. If they plan to go somewhere where there is fighting, officials will stop them because that could be dangerous.

Mr. Amon said that there are three forms of investment in Cambodia: joint enterprises, foreign enterprises, and joint contract enterprises. Investors can invest in the production of iron and steel, products produced from para rubber, drinking water, soft drinks, mineral water, and products produced from wood. They can also invest in developing communications and industry. There is a shortage of electricity. The existing factories lack machinery and raw materials.

Besides this, Cambodia lacks foreign currency, marketing knowledge and skills, and skilled laborers. If Thais provide help in these areas, this will increase Cambodia's potential. Trat Province will exert pressure to have the government units concerned take action step by step, even if this takes time, said the governor of Trat Province in conclusion.

POLITICAL

Government Permits Visits by PRC Citizens

92SE0030C Jakarta *BISNIS INDONESIA*
in Indonesian 27 Sep 91 p 16

[Text] Jakarta (BISNIS)—The Indonesian Government has provided facilities for PRC citizens who want to come to Indonesia, but there is an impression that the PRC Government itself is still obstructing overseas travel, an official says.

Director General for Immigration Roni Sikap Sinuraya says that Indonesia has opened the way for PRC citizens who want to come to Indonesia by enabling them to get visas at all Indonesian embassies overseas. "In principle, PRC citizens may apply for visas at all Indonesian embassies abroad," Roni said yesterday in a hearing before DPR [Parliament] Commission III at the MPR [People's Consultative Council]/DPR Building.

The Indonesian embassies then forward the visa applications to the Directorate General for Immigration in Jakarta, Roni said. After approvals are given, the embassies then issue visas to the applicants.

For security, supervision, and prevention purposes, however, PRC citizens coming to Indonesia by air may enter and leave only through the Sukarno-Hatta (Jakarta), Ngurah Rai (Bali), and Polonia (Medan) Airports, the director general for immigration said.

"Those traveling by sea may enter via the ports of Tanjung Priok, Belawan, and Tanjung Perak," Roni added.

During the hearing, chaired by Deputy Commission III Chairman F. Harefa, the director general for immigration said mentioned his visit to China, where he received the impression that although the Indonesian Government has offered facilities for PRC citizens who want to come to Indonesia the PRC Government has regulations that hinder travel by its citizens.

The director general cited an example. A PRC citizen who wants to go overseas must have an invitation from the country he wants to visit. "Only after getting such an invitation can he go to the Department of Foreign Affairs or Department of Public Security to apply for a passport," Roni stated.

"Those are PRC Government regulations, however, and we have no authority to interfere," he added.

ABRI Dedicated to Success of 1992 Election

92SE0030A Jakarta *EDITOR in Indonesian* 5 Oct 91
pp 29, 30

[Text] Led by PANGAB [Armed Forces Commander] General Try Sutrisno and Minister of Defense and Security L.B. Murdani, 176 participants in the ABRI [Indonesian Armed Forces] RAPIM [Leadership Conference] called on President Suharto at Freedom Palace on

Monday of this week [30 September]. "ABRI is not only a defense and security force; it is a battle force that shares responsibility for dealing with our national problems," the president said in his welcome to them.

Pak Harto [President Suharto] was referring to an ABRI seminar held a week before the RAPIM to gather input for drawing up ideas, concepts, policies, and strategies on national development.

PANGAB Gen. Try Sutrisno reported that national stability is increasingly healthy, dynamic, strong, and focused. He also said that the quality of ABRI's service in protecting and ensuring the success of the 1992 election needs to be better than in the past. All ABRI echelons have been making suitable preparations.

This RAPIM is a special one. Unlike previous RAPIM's, some of this year's participants were received by President Suharto at Tapos, Bogor. RAPIM participants received advice from the chief of state at the animal husbandry center owned by Pak Harto. He reemphasized that ABRI and the people at large must hold on to the development successes that have been achieved. "Don't let there be any steps backward," Pak Harto urged.

The chief of state declared that the national development process, which has almost completed its first 25-year phase, has touched all aspects of the life of the people. He also had an important message related to national tasks that the security forces must face in both the short and long term.

In the short term, for example, Pak Harto explained the importance of protecting the "link" that occurs every five years in the chain of national political practice. By this he meant the period that is to begin with the election on 9 June 1992 and continue through the 1993 MPR [People's Consultative Council] General Assembly and the formation of the next cabinet.

The ABRI leadership is quite aware of this, particularly with regard to the election, now only nine months away. When he opened the RAPIM on Friday of last week [27 September], PANGAB Gen. Try Sutrisno declared that ABRI will continue to thwart or prevent any practices that limit the rights of the people or are detrimental to their choice of representatives.

"Consistent with progress in political development, the quality of the way elections are held needs to be strengthened," the PANGAB asserted. One way to do this is by improving the quality of ABRI's dedication to protecting and ensuring the success of the election.

This was an important statement, for the election campaign will begin in about eight months. In the 1987 election, ABRI's position of neutrality toward the three contestant parties was much praised. On the same important occasion next year, many people hope for an even more progressive position.

The ABRI leader's attitude is marked by evident determination. "ABRI will not hesitate at all in standing

against any step, activity, or action that opposes Pancasila, threatens the nation's unity and integrity, or imperils the life of the nation and state," the PANGAB said as he closed the RAPIM on Saturday of last week [28 September].

Delay in dealing with threats would have serious consequences, he said, particularly if problems have escalated to high levels.

Gen. Try called on KODAM [Military Region Command] commanders, who also serve as BAKORSTANASDA [Regional Agencies for Coordination of Support for National Stability] chairmen, to take early preventive action, especially toward any efforts to replace Pancasila with other ideologies.

Crises may also occur in the transition process as Indonesia moves toward a modern society. There is also the effect of rapidly changing world conditions. The transition period will always include possibility for crisis until a stable situation is reached.

This RAPIM apparently was related to the one two years ago, when it was stressed that in the future ABRI will give more emphasis to its sociopolitical side. That decision was confirmed in the 1990 ABRI RAPIM. The positive result of that has been much felt by the community at large. For example, political openness is progressing despite shortcomings here and there.

The emphasis on the sociopolitical role is important, for, as PANGAB Gen. Try Sutrisno said at the time, everything is related to the constantly improving quality of the demands made by the people. On the other hand, social disparities remain a national problem that must be dealt with at once. Therefore, ABRI through its various activities is monitoring the kinds of thinking that are developing among the people. For example, ABRI some time ago held meetings with intellectuals in Semarang and Yogyakarta.

More recently, ABRI also approached the conglomerates to discuss and find a resolution for these social disparities. These disparities are always an important agenda item at each ABRI RAPIM. This is natural, for actual conditions cause ABRI to conclude at each RAPIM that threats to the nation come primarily from within. Moreover, the problem of social disparity is among the things that can easily flare up into dangerous threats.

The seminar completed a week before added to the special nature of this RAPIM. That seminar was the one held to gather input from the ABRI family for a strategy for the second long-term development phase, which begins in 1993. ABRI sought input from a number of ABRI personnel, both active duty and retired. It was for that reason that leaders such as retired Generals Sumitro, G.P.H. Djatikusumo, Panggabean, and M. Yusuf attended the seminar.

Using that input, it is hoped that a clear direction for the second long-term development phase can be found.

ABRI is not just playing as it readies this strategic plan for the entire nation. For example, before the seminar was held two weeks ago, seminars were held by each of branches of the Armed Forces.

The results, as Gen. Try said at Freedom Palace, include the conviction that "ABRI has no doubt that the first phase of national development has produced a strong foundation on which Indonesia can develop by its own strength." In addition, the basic target for REPELITA VI (the takeoff point) was formulated: "The growth of Indonesian self-sufficiency, as reflected in more extensive equitable distribution and high economic growth."

It is only fitting that ABRI in its 46th year should formulate various future steps. In this era of globalization, everyone seriously hopes for a balance between ABRI's role as stabilizer and its role as provider of dynamics.

GOLKAR Advantages, Challenges Cited

92SE0031B Jakarta KOMPAS in Indonesian 18 Oct 91
p 4

[Unsigned editorial: "GOLKAR Ready To Face Challenges of Development and Change"]

[Text] Offering both challenge and change, the chairman of the GOLKAR [Functional Group] Board of Supervisors told the GOLKAR Leadership Conference: "Consistent with the cadre and 'floating mass' system that we follow, the people may change their views and positions toward the sociopolitical forces."

If that should happen, the question about next year's election is the size of the vote GOLKAR and the other two political organizations will get. GOLKAR's share of the vote will rise, remain constant, or fall.

Elections in our country are unique. The president is the center of executive power. It is therefore logical that the president and vice president should be the focus of attention in an election; but we follow a system of election by delegation, in which the president is not elected directly in a general election.

In an election, voters choose members of the DPR [Parliament], who also at the same time become MPR [People's Consultative Council] members. The presidential and vice presidential candidates are one package, because of the provision that the two must be able to work together and because of the authority historically held by the incumbent president.

In this context, it is interesting to note that while GOLKAR itself has not officially nominated anyone the Development Unity Party has already done so. It is certain that the GOLKAR nomination will first be discussed with the chairman of the Board of Supervisors, and it is also clear that the nominee selected by the

chairman of the GOLKAR Board of Supervisors will be GOLKAR's candidate for president for the 1993-1998 term.

In this, we are faced with a convention that is not completely clear or straightforward. It is quite understandable that the presidential nominee should be the focus of attention during each election, for political attention is always on the center of executive power. Under our constitutional system, the president is the center of executive political power. On the other hand, under the convention we have been following, the political factions that represent the people do not submit their nominations until the MPR [People's Consultative Assembly] convenes.

It will not be surprising if at some time in the future this political convention requires attention. A different convention may then be agreed upon.

It is not strange that GOLKAR has won the elections every time. Compare it with Japan's Liberal Democratic Party, which always wins elections. Compare it, too, with the Congress Party in India, which always wins despite two brief "intermezzos."

It is quite clear that GOLKAR victories in the elections are connected directly to continuity of development and stability. A majority with political legitimacy is necessary to guarantee the continuity of development and the stability of government and society.

It is through each general election that GOLKAR renews its mandate from the people. With the renewal of mandate, GOLKAR gets a renewal of political legitimacy. Thus, political life has a ceremonial side in addition to its own substantive political dimensions.

Ceremony is important and has a role in providing legitimacy, but the quality of that legitimacy is dependent upon how democratic an election is.

Since we are often reminded—most recently by the chairman of the GOLKAR Board of Supervisors—that the people are more mature and critical in the way they vote, one of the implications relates to how democratic an election is. What is involved in this?

The people demand greater freedom in their voting. The freedom to vote is used to evaluate political organizations and their integrity, capabilities, programs, and candidates. It is used to evaluate a political organization's members and whoever its candidates may be.

In this, GOLKAR is still superior. Its organization is still the most capable of proceeding with development and has what is needed to guarantee political stability. This advantage is strengthened by its mutual understanding with ABRI [Indonesian Armed Forces].

It acquired this moral legitimacy because its commitment to proceed with the New Order is still popular. It is

the New Order that consciously, clearly, consistently, and by plan has the desire and capability to continue with development.

What precisely is the New Order? It implements Pancasila and the 1945 Constitution purely and consistently. It executes development as an application of Pancasila. It adheres firmly to aspects of national consensus, such as in the nationhood concept, the Archipelago Concept, and unity and integrity.

The New Order's commitment encompasses openness, progressiveness, cooperation with other countries in economic development, a critical and selective modern viewpoint, innovation, creativity, self-sufficiency, self-confidence, discipline, and tenacity.

The two dimensions of commitment and continuity are consistent with their original sources in Pancasila and the 1945 Constitution. There are also the aspects of renewal, alertness, innovation, and adaptability. It is in these things that ideology and the provisions of GOLKAR's constitution will be tested. The test will be to see how consistently and to what extent it is open, alert, and able to respond to the challenges of the age.

GOLKAR's challenge in the next election will be from the aspect of strategy. To what extent will it be able to convince the people that the national consensus which is the basis of the nation's existence, national life, and goals are still relevant and effective for responding to the challenges?

GOLKAR has also shown its sensitivity to changes in society, to development of aspirations, and to problems the people face. GOLKAR is not merely sensitive in its observations but is also committed and able to accommodate and fight for those things.

Here GOLKAR's election strategy and program are multidimensional, encompassing strategic and macro aspects as well as operational and micro aspects.

To put together this election strategy, it is necessary to spell out strategic thinking for the purpose of dialogue and to explain changes and challenges of the age. In addition, there is a demand for a sensitivity expressed in the careful identification of the people's problems.

The people need a better understanding of the need to continue and expand national development. A rejuvenation of our consensus as a nation and state is necessary.

The people want a liberty that better protects initiative and aspiration.

A better way is needed to create balance between equitable distribution and growth as well as between stability and dynamics.

A more effective way needs to be found to reduce the social costs of economic development, particularly where environmental "mental pollution" is concerned.

There is a great lack of understanding of legal principles and their implementation in various organizations and spheres. This issue needs more attention.

The key is whether GOLKAR is trying to get closer to the people to absorb their aspirations. At least, it can be said that for the first time GOLKAR has been successful in drafting main points for the Broad Outline of State Policy before the election. These points express and articulate all the problems, hopes, concerns, and aspirations of the people.

Internal Democracy Biggest Challenge for GOLKAR

92SE0044A Jakarta *SUARA KARYA* in Indonesian
16 Oct 91 p 3

[Text] Jakarta (SUARA KARYA)—The biggest challenge for GOLKAR [Functional Group] is to stimulate the process of democratization within the body of GOLKAR itself so that it will be able to select cadres who truly promote the interests of the people instead of "appointed" cadres who compromise and worship their superiors.

"The emergence of boldness on the part of cadres to criticize the mother organization is proof that they have their eyes on careers built from the bottom. They begin with an unwillingness to see an imperfect democratization process within GOLKAR. Such boldness must be more promoted by cadres and not be limited to just a few people," political observer Arbi Sanit said on Tuesday [15 October] in Jakarta.

Arbi Sanit spoke in connection with the boldness of Jakarta GOLKAR cadre Abdurachman Pasaribu, a member of the Jakarta GOLKAR Advisory Council. Pasaribu said GOLKAR should not gather too many cadres who are involved with improper conduct in the legislative nomination process. Abdurachman Pasaribu's views will be input for the GOLKAR Leadership Conference, which begins today and continues through 19 October.

According to Arbi Sanit, a teacher at the UI [University of Indonesia] Sociology and Political Science Faculty, GOLKAR has had too many "leeches" who are given priority over cadres who started from the bottom. These "leeches," he said, have been placed by certain forces that have long dominated GOLKAR, for these forces want to give the impression of pulling out of GOLKAR.

For that reason, the boldness to criticize GOLKAR's internal democratization process must be encouraged so that forces will emerge to compel changes within GOLKAR. "The GOLKAR Leadership Conference must dare to discuss the demands for an internal democratization process that would enable cadres to develop naturally. This would not be a democracy of pushing people out of the way. The mature cadres who should be

coming forward to be legislators are not the 'appointed' ones. This is the biggest challenge to GOLKAR now," Arbi Sanit said.

According to the senior researcher at the UI Development Research Institute, the people have yet to see on GOLKAR's part any seriousness in fighting for their aspirations and welfare. Therefore, GOLKAR must do what the people want and build public confidence.

He also hopes for the emergence of GOLKAR leaders who will dare to take risks in the fight against the forces that dominate GOLKAR. "GOLKAR needs leaders like Anang Adenansi. If there were more leaders like him, drastic action would not be needed; but it is not possible to 'recall' all the leaders," Arbi Sanit added.

Next Vice President Possibly From Military

92SE0030B Jakarta *EDITOR* in Indonesian 19 Oct 91
pp 28, 29

[Article under the News Analysis rubric by Amir Santoso, executive director of the Social Science Research and Development Institute and chairman of the Political Science Department of the Sociology and Political Science Faculty at the University of Indonesia: "Who Will Be the Next Vice President?"]

[Text] The topic of political discussion this week moved to who will be the next vice president. Will it still be Sudharmono, or will it be someone else, civilian or military? Now that the issue of presidential succession has become uninteresting, the question of the vice presidency has emerged.

The issue of who will be the next president subsided after several statements of support were made for the renomination of Suharto for president. Abdurrahman Wahid believes it is certain that Suharto will be president again. Matori Abdul Djalil nominated Suharto far in advance because there are no other candidates suitable for the job. A number of Muslim scholars, happy that Pak Harto [President Suharto] went on the pilgrimage, support his renomination.

Pak Harto himself has never said explicitly whether he is willing to be reelected. In an interview with *TIME*, he said it is up to the MPR [People's Consultative Council]. Thus, since it is almost certain that there will be no change in the presidency, the issue is no longer of interest for discussion.

On the other hand, the issue of the vice presidency is interesting because it is possible that whoever that person is will replace Pak Harto after 1998. Such thinking arises because it is probable that the next presidential term will be the last for Pak Harto because of his age. Besides, the 1945 Constitution provides that if a president is unable to perform his duties or resigns, the vice president is to take over the position. This would happen only if a president does not complete his term of office. If the president does complete his term, the vice

presidency can be viewed as an educational period for preparing the vice president to be the next president.

This scenario now seems to be the most likely, considering the vice presidential nomination process that has prevailed in Indonesia. We have never conducted a public election of the vice president because our system does not provide for public elections.

Throughout our history, we have had frequent changes in the vice presidency. On 18 August 1945, the Central Indonesian National Committee [KNIP] made Hatta vice president by acclamation just after Sukarno was appointed, also by acclamation. The KNIP process was more like an appointment, since the KNIP did not cast any votes. It turned out that Hatta could not continue working with Sukarno and resigned. The position was never filled again by Sukarno before he was replaced by Suharto.

During the 25 years of the New Order, we have had regular changes in the vice presidency, and vice presidents generally have served only one term. When we observe the vice presidential replacement process, we see how great the president's influence is in determining who can be vice president. From the outside, it appears that the MPR merely confirms the candidate submitted by the president.

As an example, we can look at the case of Naro's nomination for vice president almost five years ago. For the first time in our history there were two candidates for vice president, whether nominated by others or by themselves. As we know, Naro was not chosen. Naro's failure was not because he did not get a majority of votes, for there has never been a casting of votes in the MPR, but because he did not meet the criteria set by Pak Harto for vice presidential candidates.

The fact that Pak Harto submitted criteria shows how great the president's influence is. The MPR simply went along with his desire, although it could have set criteria itself if it had wanted to. We understand, however, the background of the president's great influence and the MPR's willingness to adhere to the criteria he laid down.

The vice president naturally must be a person who can work with the president. If not, there will be an impact, not only on themselves, but on the entire nation. To assess whether they can work together, the president must be thoroughly acquainted with the person and capabilities of the vice presidential nominee.

The factor of loyalty must also be considered. It is quite unthinkable that a president would appoint a vice president who would be disloyal to him. Loyalty is necessary for ensuring the perpetuation of ideas and interests as well as for avoiding obstacles to governing. Therefore, although there are no written provisions, there is a convention that the president has the right to select the one who will be his vice president.

That being the case, who will be the next vice president? Will he be civilian or military? Pak Try Sutrisno [General Try Sutrisno] has not ruled out the possibility that an active member of ABRI [Indonesian Armed Forces] may be vice president, although he has left the matter up to the MPR. In my estimation, ABRI will retain political control for the next 10 to 25 years. Therefore, if the next vice president is in fact to be readied for the presidency, it is very likely that the vice president will come from ABRI.

I base this view on several things. First, from the aspect of organization and management, ABRI is far more effective than anything in civilian or political party circles. Its territorial management is going well; its assignment of personnel to various positions and functions is done well and in an orderly way; and, most important, its establishment of leadership cadres and its generational transition are progressing superbly. Nothing in the civilian sector can compare with the effectiveness of ABRI organization and management.

Second, ABRI's sociopolitical supervision is moving smoothly and well. In Jakarta as well as in the provinces, the bureaucracy is under ABRI influence. ABRI's supervision of young people has been successful in gathering many of them into KNPI [Indonesian National Youth Committee], AMPI [Indonesian Renewal Youth Organization], and a number of other youth forums. These youth-oriented organizations naturally will support ABRI's political programs.

Third, during the last 25 years, ABRI has successfully managed the resources needed for ABRI political supervision. It has conducted good management of almost all strategic resources, including manpower, information and communications, natural resources, industry, and business.

No one apparently can compete with ABRI in the control of strategic resources. The educated middle class emerging in the business, industrial, and services sectors is still not large enough; and, more important, the development of the middle class still much depends on the bureaucracy under ABRI coordination.

This does not mean that there is no opportunity for a civilian to be vice president. Remembering again Pak Harto's prestige, it is still possible that he will entrust the vice presidency to a civilian. There are other factors that need attention, however. Because ABRI is the dominant political force, ABRI support is naturally an important factor. Besides, support from the civilian sector may be harder to get because of the heterogeneity of civilian groups. There is also the tendency of civilians to be envious when other civilian groups are successful. Who then will be our next vice president? Will he be the same one, or will there be a change? It is up to Pak Harto and the MPR.

Editorial Asks Meaning of Limits on DPR Criticism

92SE0031A Jakarta KOMPAS in Indonesian 9 Oct 91 p 4

[Unsigned editorial: "DPR May Raise Its Voice To Criticize Government"]

[Text] Many DPR [Parliament] members were included in the candidate list for the 1992 election.

Some of them were later deleted or moved further down the list. Possibly by chance, some of those who were deleted or put lower on the list are the ones who often clearly and frankly express critical views and assessments.

Out of that has emerged the rumor that vocal candidates are not desirable. The question then arises: What will be the value of the next DPR's criticism?

Possibly in response to that rumor, President Suharto mentioned the DPR's functions in his informal talk with participants in the recent ABRI [Indonesian Armed Forces] Leadership Conference at Tapos.

President Suharto stressed that there is no prohibition against being vocal in the DPR and that the DPR is not forbidden to criticize the government as long as it adheres firmly to Pancasila, acts within the limits of its authority, and keeps the "rules of the game."

The key is clearly the criterion that it "adhere firmly to Pancasila, act within the limits of its authority, and keep the 'rules of the game.'"

The next questions naturally are: How does one measure adherence to Pancasila, and what are the limits of authority and the rules?

In other words, the criteria, limits, and rules of the game must be known, agreed to, and followed by everyone.

Our reaction may be to ask how DPR members would not know such basic things? Even if these things are known, however, everything is not automatically clear.

In politics, subjectivity has a part. Subjectivity applies to DPR members, to the executive branch, to those who implement decisions, and even to political observers.

Furthermore, we must always keep spelling out and clarifying the basic matters we agree upon.

Judging by our experience, it is not always clear to everyone whether a politician, for example, continues to adhere firmly to Pancasila.

The matter is more complex because of the subjective factors of politics, which include making assessments and responding to assessments.

The political process, besides having a normative standard, should also be spelled out in more concrete standards, such as criteria on important issues.

If, for example, criteria on issues were used, the qualifications for vocal expression and criticism in the DPR would be: Are opinions and criticism expressed for the purpose of promoting and advancing the people's interests in the various sectors of life?

Pragmatically, besides being normative and of general application, such criteria would also be beneficial to political development. In this way, politics would be understood as an articulation of interests and an effort to promote and deal with interests according to the Pancasila view of political life.

There is still another question that needs to be considered. In our present political climate, indirect expression of views and criticisms is more acceptable than direct criticism.

There are always and pros and cons on this issue. What if the criterion is not whether criticism is direct or indirect, but that criticism be made in the most effective way?

We should also consider the impact of change on society and the impact of the younger generation's participation on the Indonesian political climate.

Furthermore, we need to learn from the history of our political life. There were periods when the political process was more objective and therefore simpler.

In other periods, the subjective aspect was more dominant and politics more complicated.

We may now have returned to a political period when subjectivity is dominant.

Besides being interpreted as an allocation of interests, politics also has commitments and goals that go beyond the promotion and distribution of interests.

Therefore, we must receive President Suharto's statement: There is no prohibition against being vocal in the DPR, and the DPR is not forbidden to criticize the government.

At the same time, we must not tire of improving our common understanding of "adhering firmly to Pancasila, acting within the limits of authority, and keeping the 'rules of the game.'"

Politics is likened to art, as in, "Politics is the art of the possible." Although this metaphor has some truth to it, an artist needs to know anatomy and the "rules of the game."

In politics, mastery of the rules and structure is even more necessary. People are often affected here, as some DPR leaders have experienced.

Moreover, the question in politics is often not substance but how the game is played.

ECONOMIC

Shipbuilding Industry Draws International Orders

92SE0033A Jakarta *BISNIS INDONESIA*
in Indonesian 9 Oct 91 p 9

[Text] In 1991 the Indonesian shipbuilding industry has experienced a real boom in orders for ships, both within Indonesia as well as from foreign sources. This situation shows that the national shipbuilding industry has won national as well as international attention.

In 1990 many foreign countries ordered ships to be built in Indonesia, including, among others, Sweden, which ordered two trailer roll-on/roll-off ships; Singapore, which ordered two tugs; and Iran, which ordered six tugs.

The world shipbuilding market is rather large: annual requirements for shipping space amount to 34 million tons. Indonesia also needs many ships to handle the recent increase in the movement of freight. Indeed, the shortage of shipping within Indonesia during the decade of the 1980's has not yet been met.

Therefore, for these reasons the government issued a deregulation package on 21 November 1988 (Paknov 88), at the request of Indonesian businessmen, which permitted shippers and other industrial firms to charter foreign ships to meet the shipping shortage in Indonesia, so that imports and exports could be shipped quickly, properly, and safely.

However, after the shipping deregulation package of 1988 entered into effect, there were many shippers who feared the threat of foreign flag ships because they were concerned that these ships would take over a portion of the Indonesian shipping market.

In dealing with this situation the government was caught in the middle. If it did not permit the chartering of foreign ships, Indonesia would be short of shipping space, with the result that imports and exports would not flow smoothly. On the other hand, if the chartering of foreign shipping is permitted, as it is at present, national shippers will complain.

Import Prohibition

In addition to the deregulation package of 1988 the government issued a prohibition on the importation of ships under 5,000 DWT [Deadweight Tons]. The object of this prohibition was to stimulate the national shipping industry which, during the decade of the 1980's, had a limited market, because there were few orders for ships and shipping companies imported ships.

Indonesian commercial shipping companies imported ships, because the price of ships in foreign countries, particularly in China, was low, compared with the price of ships in Indonesia. In China the cost of a ship was \$1,200 per ton, while in Indonesia the cost reached \$1,900 per ton.

The objective of the government in prohibiting the import of ships really had a positive impact on the Indonesian economy. That is, it saved foreign exchange, created jobs, and provided for the transfer of technology to the shipping industry.

However, in view of the higher cost of shipping mentioned above, the government needs to reconsider the prohibition on the importation of ships, which is not very clear, or find out why the cost of Indonesian ships is higher than ships from China.

Indeed, there is a clear difference between Indonesia and China. In particular, wage levels in China are far lower. The shipping industry there is provided with rather large subsidies, and banking interest rates are low, compared with bank interest rates for the public.

Meanwhile, bank interest in Indonesia is very high at present, particularly since the government announced its tight money policy. At this time bank interest on loans for the shipbuilding industry is 20 percent per year, while bank interest for the general public is as high as 30 percent. Therefore, the government has provided a 10 percent subsidy to the shipbuilding industry.

At present shipbuilding orders in Germany carry an interest rate of only 2.4 percent per year in Deutsche Marks, while the rate calculated in U.S. dollars is as much as four percent per year.

The situation is the same in Taiwan. This newly industrialized country limits interest on loans to the shipbuilding industry to a maximum of 8 percent per year. When the interest rate in effect goes above that level, the government provides a subsidy.

Therefore, the interest rate in effect in Indonesia of 20 percent is very high. As a result Indonesian commercial shipping firms at present are not prepared to make new investments. This is particularly the case when the return on investments (ROI) is very low, that is, about 5 percent. Consequently, it takes a long time to obtain a return on capital invested.

In this connection the key to success in the shipbuilding industry in advanced countries is low bank interest on loans. Therefore, if the tight money policy in Indonesia remains in effect too long, there is a possibility that shipbuilding companies will go out of business, as has happened in Norway and Germany recently.

Business Administration

Furthermore, what is pushing up the cost of ships produced in Indonesia is the system for handling the import of components and their marketing through a very long distribution network. That is, everything must pass through third parties, so that the price of components and ships is high.

For example, take the "Caraka Jaya Type II," a vessel being built by PT [Limited Company] Dok dan Perkapalan Kodja Bahari [Kodja Bahari Dock and Shipbuilding Company, Inc]. It was ordered by PT PANN (National Commercial Shipping Fleet Development Company, Inc).

The raw materials and components for the ship are imported by PT PANN as part of the order for the vessel. However, why not have the shipbuilder himself import the components?

By importing the components himself, without going through a third party, the cost of the components will be lower, because there will be no fee to be collected by the importer involved. Finally, the cost of production of the ship can be held down and the price of the ship can also be lower, as well as more competitive.

Under the present system marketing or ordering ships can only be handled through PT PANN, a leasing or rent to use company. However, why should this not be done directly through the shipbuilder? It is this situation which continues to raise questions among shipping or fishing companies. This is because ordering ships through a third party causes the price to be higher, compared to ordering ships directly from the shipbuilder.

Although the price of ships is a little higher, compared with ships from China, nevertheless the determination of Indonesia to become a shipbuilding country should be considered positively because the country is prepared to develop a shipbuilding industry at a time when the advanced industrial countries are closing down their shipbuilding industries.

At present Indonesian domestic requirements for shipping cannot be determined, because there are no proper data on the flow of goods and shipping. However, PT PANN, a state owned business firm which comes under the Department of Finance, decided to order 24 ships of the "Caraka Jaya Type II" class in August 1990. These consist of 12 semi container and 12 general cargo ships.

The 24 ships are being built by the following companies: 10 semi container ships by PT Pal Indonesia; nine general cargo ships by PT Dok dan Perkapalan Kodja Bahari; two general cargo ships by PT Dok Surabaya; and one general cargo ship by PT Jasa Marina Indah [as printed; total is 22, not 24 ships].

Second Hand Ships

At present Indonesian shipping companies are more comfortable about chartering foreign ships than in buying new ships, because operational costs are lower and the risks are small. Furthermore, Indonesian shipping companies are also happier about buying second hand ships because the cost is lower.

Recently, however, the cost of second hand ships has gone up, because many shipping firms need ships due to

competition in the transportation industry. Moreover, the cost of second hand ships is far lower than that of new ships.

For example, a dry cargo ship of the "Panamax" class, 65,000 DWT, built in 1980 for the transportation of grain, at present costs \$16.5 million. A "Panamax" class ship built in the 1970's is presently available for \$10 million. Currently, a newly constructed ship of this kind costs as much as \$30 million, or three times as much.

Very large cargo carriers (VLCC) built in 1970, such as tankers of more than 200,000 tons, at present cost between \$10 and \$20 million. If a ship of this kind is built in a Japanese shipyard, the current cost is \$95 million.

The present demand for second hand ships on the international shipping market continues to be high because of the rather large price differential between buying a second hand ship and having a new ship built. Furthermore, the difficulty in obtaining a bank loan can also be a reason for the tendency of shipping companies to buy new ships.

This is also the case with fishing companies, which prefer to charter foreign flag fishing vessels. This is shown by the increasing number of foreign ships which operate in the waters of the Indonesian EEZ [Exclusive Economic Zone]. This is because the cost of investment in new ships is very high, particularly ships produced in Indonesia. Furthermore, because bank interest is high, shipping and fishing executives are unwilling to make the investment at this time.

Therefore, it is feared that the order placed by PT PANN for 24 ships will not be fully sold, although the directors of the company say that they are optimistic about selling the ships which they have ordered.

Although it is not known what Indonesian shipping needs really are, an increased number of ships will continue to be needed to handle the shortage in ships, for both cargo, passenger, and fishing purposes.

The increasing need for ships, both domestically and in foreign countries, is creating confusion in the Indonesian shipbuilding industry because of the limits on its productive capacity. As a result Indonesian shipbuilding companies must prepare to participate in the rather large shipping market.

Based on data obtained from the Department of Industry, the industrial capacity of shipyards in Indonesia at present is barely 70,000 tons per year. Meanwhile, the international market requires 34 million tons of shipping per year. On this basis it can be seen that Indonesia only accounts for 0.2 percent of the world market.

Indonesian shipbuilding capacity is made up of 125 shipyards, consisting of four state owned yards under the Department of Industry, one state owned shipyard under

the Department of Strategic Industry, 22 shipyards under the Department of Mining and Energy, and 98 privately owned shipyards.

If the government really wants to develop the shipbuilding industry, it must also be prepared to provide an appropriate subsidy to the shipbuilding industry. If the interest on loans continues to be as high as the rate in effect at present, that is, more than 20 percent per year, the shipbuilding industry will not develop.

Agriculture Minister Predicts Lower Rice Output

*92SE0029A Jakarta BISNIS INDONESIA
in Indonesian 26 Sep 91 p 4*

[Text] Minahasa (ANTARA)—Junior Minister of Agriculture Sjarifudin Baharsjah says that rice production in 1991 is expected to decline to 44.7 million tons of dry paddy.

When he opened an all-Indonesia BIMAS [Mass Guidance] technical meeting in Tasik Ria, Minahasa Regency, North Sulawesi, on Tuesday night [24 September], he explained that production will be 1.07 percent lower than 1990 output.

This decline is a result of the dry season, when 30,000 hectares of rice fields suffered serious water shortage.

Corn also is expected to decline to 6.4 million tons of shelled corn, a drop of about 4.5 percent.

To overcome this shortage, hard work is needed in the 1991-1992 growing season by applying the agriculture intensification program. It is hoped that the Super INSUS [Special Intensification] Program, which in the past was used on areas greater than 1,500 hectares, will be used also on areas larger than 1,000 hectares and with application of technology.

To handle expansion of the area used for nonirrigated rice and dry field crops, top quality seedlings of rice and secondary crops must be supplied in the best possible way.

Production from the 1991-1992 growing season will very much determine next year's food supply, and we hope for the participation of farmer associations and BUMN/private companies to bring about success.

To meet the REPELITA V [Fifth Five-Year Development Plan] target, production must increase by an annual average of 4.25 percent during the final years of the plan.

This will not be easy, for there is no guarantee that the weather for next year's growing season will be any better than this year's.

North Sulawesi Governor C.J. Rantung, said the intensification program in this region encompasses rice, soybeans, peanuts, corn, chickens, draft animals, fisheries, and rice mynahs.

In North Sulawesi, there are 4,254 farm associations, with 87,614 members; and there are 271 KUD's [village unit cooperatives]. These are spread over seven regencies with 85 subdistricts, and 39.89 percent of the farmer associations are members of KUD's.

Dry Season

Junior Minister of Agriculture Sjarifudin Baharsjah said this year's dry season may seriously hurt the farm sector and may affect achievement of production targets.

Losses caused by this year's long dry season will be calculated in detail in October, Sjarifudin told ANTARA at Kasuang Tondano, Minahasa Regency, on Tuesday.

He said the areas seriously affected by this year's dry season are West Java, Central Java, East Java, West Nusa Tenggara, and South Sulawesi.

Sjarifudin said that crops affected by the dry season are seasonal ones like rice and secondary crops. Perennial crops, such as those on estates, are not much affected.

Presenting aid in the form of 5,000 fruit tree seedlings to farmers in the region, the junior minister of agriculture said the dry season this year will cut rice production by 1 percent.

He said that efforts to improve rice production should include intensification on land already under cultivation, since there is no possibility of expanding the area used for farming.

Minahasa Regent J.O. Bolang said smallholder estates, especially those that grow coconuts and cloves, make up 47.16 percent of the area's 418,920 square kilometers. Wet rice fields make up 17,687.5 hectares and dry fields 93,615.6 hectares.

The junior minister of agriculture made a symbolic presentation of the fruit tree seedlings to Minahasa Regent J.O. Bolang, Sangir Talud Regent Olden Karambut, Manado Mayor N.H. Eman, Bitung Mayor Sarundayang, and Gorontalo Mayor Joesuf Dalie.

Research Center for Nuclear Technology Ready

*92SE0033B Jakarta BISNIS INDONESIA
in Indonesian 9 Oct 91 p 8*

[Text] Bandung, KOMPAS—Indonesia is ready to become a center for research on nuclear technology in the Asia-Pacific area. At present there are 2,000 experts on nuclear technology in Indonesia. They include 40 persons holding doctoral degrees, 100 persons with master's degrees, while the remainder hold bachelor's degrees and have experience in the field. The development of nuclear technology for research began in 1962 in Bandung, in 1966 in Yogyakarta, and in 1978 in Serpong.

This was stated by Dr. Iyos R. Subki, who holds a master's degree in science and is the deputy chairman of the Nuclear Science and Technology Research Section of

the National Atomic Energy Board (BATAN). He met with representatives of KOMPAS and SURYA between sessions of a scientific seminar on "Nuclear Reactors in Scientific and Technological Research," held at the Bandung Atomic Reactor and Generator on 8 October.

He said that Indonesia has been designated to be a center for research on nuclear technology in the Asia-Pacific region. With three nuclear science and technology research centers, that is, in Bandung, Yogyakarta, and Serpong, Indonesia is considered sufficiently developed to support this designation. At least 500 scientific works are produced each year at the three BATAN research centers, as well as tens of isotopes of chemical elements for medical, industrial, and other technical, nuclear design purposes.

Under these conditions Indonesia will not disappoint the confidence placed in it as a nuclear research center for the Asia-Pacific region. Under an agreement Japan, South Korea, China, the Philippines, Thailand, Malaysia, and Australia have designated Indonesia as a research center. Meanwhile, cooperation on research in the field of nuclear technology is already under way in Serpong.

Isotopes

At the present time isotopes for medical use from the Bandung nuclear research center have already met the needs of 11 hospitals in seven large cities in Indonesia. The products which have been turned out include, among others, the isotope Iodine 131 (I 131), Technetium 99 (Tc 99), and Iridium 192 (Ir 192). About three curies of each isotope are produced every week.

In the medical field I 131 is used as therapy for the treatment of goiter and kidney disease. Tc 99 is used for the treatment of diseases of the brain, heart, liver, kidneys, and intestines. Ir 192 has been proved to be effective for treating cancers of the nose and throat, cancer of the lungs and large intestine, and rectal cancer. Also used in medical treatment are isotopes of chromium (Cr), iridium (Ir), and zinc (Zn).

Clean Technology

According to Doctor Iyos, nuclear technology is clean and safe. For example, the Triga Mark type reactor in Bandung, which has a capacity of one megawatt, has been in existence since 1962 and continues to be safe. He guaranteed that with the technology which Indonesian nuclear technical experts use disasters will not occur.

Iyos said that very little nuclear waste is produced by that center, and this small amount is safeguarded in layers in barrels. The level of radiation from that waste is only about 0.001 millirems. He compared this with the level of natural background radiation, which ranges between one and 2.4 millirems.

The risk for the community and workers in the nuclear research sector is minimal. Statistical data show that the

level of radiation from fossil fuel is 10 times greater than radiation from nuclear fuel. By following proper procedures and working methods in the use of nuclear fuel, the danger of radiation is at a minimum.

In the United Kingdom it has been proved that workers in the non nuclear industrial sector face health risks 1,000 times greater than radiation from nuclear fuel. At the present time non nuclear technology in use is slowly destroying the natural habitat. Iyos said: "For example, the use of fossil fuel is increasing the levels of CO [oxidized carbon], CO₂ [carbon dioxide], NaX [sodium xenon], SO₂ [sulphur dioxide], and atmospheric dust." Currently, the use of chemicals is increasing the risk of cancer 10,000 times as much as nuclear technology.

The risk of contracting cancer from nuclear radiation is relatively slight. The possibility is one in 10 million. For example, in the Chernobyl nuclear disaster 31 persons died and thousands were exposed to nuclear radiation. This happened because reactor shield technology was not used. He said that the reactors apparently were built without considering their location.

PLTN

According to Iyos, the construction of nuclear powered electricity generators is unavoidable. This is because other sources of energy for electricity generation are increasingly limited. Fossil fuels such as petroleum and natural gas will only be available for 20 to 40 more years. At present solar and wind energy are too expensive to be used on a large scale.

One alternative is a PLTN [nuclear powered electricity generator]. For example, with the entry into operation of the Gunung Muria PLTN between 2003 and 2005 at least 7,200 MW [megawatts] of electricity will be produced annually. According to Iyos, a total of 12 electricity generating reactors are to be built, each with a capacity of 600 MW. Each reactor will cost \$1.5 million.

The total capacity of the Gunung Muria nuclear reactors will amount to about 20 percent of the installed electricity generating capacity by 2003-2005. At that time about 80 percent of the electrical energy requirements will still be met by PLTA [hydroelectric generators], PLTU [steam powered electricity generators], PLTG [natural gas powered electricity generators], and other sources of electricity. Iyos said: "All possibilities for obtaining additional amounts of electricity must be tried. This also includes nuclear powered generators. Only after that can we compare which type of generator is the most economical, cleanest, and safest."

Private Sector To Assist in Electricity Projects

92SE0034B Jakarta BISNIS INDONESIA
in Indonesian 18 Oct 91 p 5

[Text] Jakarta, BISNIS INDONESIA—The business world has welcomed the intention of the government to continue with private electricity projects, while Astra

International continues to work on a draft proposal for an electricity project which, it is estimated, will require the investment of 1.2 trillion rupiahs.

Palgunadi T. Gunawan, corporate vice president for public affairs of PT [Limited Company] Astra International, said that the government policy of continuing to support electricity projects, including electricity developed by private companies, is a good decision.

Gunawan told a BISNIS INDONESIA representative at the inauguration of a seminar on industrial development in Jakarta on 17 October: "Electricity needs are closely related to industrial development. Therefore, the intention of the government to continue with electricity projects already being planned is very positive."

Previously, Minister of Industry Hartarto stated that the government intended to continue the development of electricity projects. This is because the availability of electricity at this time is an essential condition for attracting foreign investment to Indonesia. Government support is also aimed at the development of electricity by private companies, including electricity for the industrial sector.

Up to the present there are already 30 Indonesian and foreign firms which are at the prequalification stage, specifically for the development of private electricity projects. These 30 companies will compete for the development of five electricity projects at various places in Indonesia.

PT Astra International is one firm which is in the prequalification stage for the development of private electricity projects. Gunawan said that up to now Astra has continued to make preparations to follow up with development of the projects.

He added that discussions have been held with several firms on cooperating with Astra on these projects. He added: "However, this is still at the stage of preliminary discussions, so that it cannot be stated for certain which company will be invited to cooperate on the project."

The situation is the same regarding the availability of development funds. Gunawan was not yet able to provide further details. He said: "Of course our associates in the finance department have been dealing with that. However, I cannot state as yet which financial group will cooperate with Astra."

Consortium

Gunawan agreed that there is some ground for hope that the government will form a consortium in the private electricity sector. He said: "The formation of a consortium to set up a private company to produce electricity would indeed be more efficient. And perhaps this would be the best way to go."

Some time ago Beni Subianto, senior vice president and director of Astra International, stated to a BISNIS INDONESIA representative that a power plant to be

developed by Astra is located in West Java and has a capacity of 800 MW [megawatts]. He estimated that the funds needed for the development of this project are about 1.2 trillion rupiahs.

Astra is using Bechtel, a United States firm, to perform the feasibility study. It is reported that this firm will also be invited to cooperate in the construction work.

According to the plan, the Astra electricity project will be constructed on a phased basis. The total electricity generating capacity, planned to amount to 800 MW, will be developed in four stages.

Capital Goods

A problem which may be faced by privately generated electricity is the selling price of the electricity, which may be far more expensive than electricity generated by PLN [State Electricity Company].

Regarding the capital goods industry in Indonesia, Gunawan said that not all of its output meets the quality which is desired by consumers. He added that for that reason, if the capital goods industry in Indonesia is not interested, this is only natural.

Gunawan told the press: "Naturally, Indonesian consumers will tend to use capital goods produced in Indonesia, if their quality is good."

He added that there should be no fear that imports of capital goods have recently been so high. He said: "At present the value of the remaining imports of capital goods will return to Indonesia once the industry concerned begins to produce."

However, he also admitted that there is some capital equipment produced in Indonesia which can be relied on, such as kettles, cranes, and several components for factory construction.

Tight Money Blamed for Decrease in Production

92SE0034A Jakarta BISNIS INDONESIA
in Indonesian 9 Oct 91 p 1

[Text] Jakarta, BISNIS INDONESIA—Electronics production during the second quarter of 1991 only amounted to 508 billion rupiahs, down by 11 percent, compared with the first quarter of the year, when output totaled 571 billion rupiahs. The decline was due to the weakness of domestic purchasing power as a consequence of the tight money policy (TMP).

The decline in domestic electronics production was experienced across the board by all types of consumer electronics goods, such as television sets, tape recorders, video equipment, and cameras. About 125 plants assembling electronics goods have experienced a decline in production, as a result of the weakness of purchasing power among the people.

Soeparno Prawiroadiredjo, director general of the Machinery Industry, Basic Metals, and Electronics Section (IMLDE) of the Department of Industry, said: "It seems that the people are postponing purchases of these goods." He made this comment after opening the "1991 Computer and Business Fair" in Jakarta on 8 October in Jakarta.

He said that the decline in electronics production was a consequence of the tight money policy. As a result the people are postponing the purchase of goods which are not particularly needed.

However, according to Soeparno, the demand for electronics goods from abroad still continues to be substantial. As a result he urged Indonesian electronics factories to change their orientation toward the export market.

Soeparno said: "Exports of electronics industry products have continued to increase." During the period from January through June 1991 electronics exports amounted to \$91.78 million, an increase of 113 percent,

compared with exports during the same period of 1990, when they totaled \$43.04 million.

Meanwhile, the value of electronics exports for 1991 has been targeted to reach \$72.76 million, an increase of 39 percent, compared with 1990 electronics exports of \$124.25 million [as printed]. Electronics goods which are exported include television sets, tape recorders, and a number of electronics components.

The director general stated that the strategy for development of the electronics industry is focussed on the downstream market, such as consumption goods and telecommunications equipment. When the downstream market grows, with the support of planned development, the center of the industry will move to producing upstream or basic electronics goods.

Soeparno said: "The stockpiling of components is being handled on a multi sourcing basis." Overseas firms are the sources of the components, in addition to domestic factories which are beginning to develop.

PRC Aircraft Acquisition*92SE0019C Vientiane PASASON in Lao 31 Aug 91 p 1*

[Text] A ceremony to take possession of a Y-7-100 aircraft was held on the afternoon of 29 August 1991 at the Vat Tai Airport, Vientiane City. Attending the ceremony were Mr. Ounhuon Salitien, the managing director of Lao Airways, Mr. Wang Daowiahung, the chairman of the Chinese Technology Import-Export Company, Mr. Phao Bounnaphon, the minister of foreign economic relations, and Mr. Wang Quaxai, the Chinese ambassador to Laos.

The Y-7-100 aircraft can carry 50 passengers. It will be used for domestic flights. Lao Airways has leased this aircraft from the Chinese Technology Import-Export Company for one year, with lease payments being \$69,000 a month.

This aircraft has already been delivered to the Vat Tai Airport and will soon be put into use.

Atmospherics of Party Chief's Yunnan Visit*92SE0019B Vientiane PASASON in Lao 17 Aug 91 p 2*

[Article by Toulong Chittavongtho: "Cooperation Between Luang Prabang and Yunnan in the Era of Change"]

[Excerpts] At the invitation of Mr. Phu Xiao Chu, a member of the Central Committee of the Chinese Communist Party and the party secretary in Yunnan Province, a high-level delegation from Luang Prabang Province led by Mr. Vangphet Saikhiyachongtua, a member of the Lao Supreme People's Council, the secretary of the Luang Prabang provincial party committee, and the chairman of the Luang Prabang Provincial Administrative Committee, paid an official visit to Yunnan Province. [passage omitted]

In Kunming City, our delegation received a warm welcome at the Mangkonkham Hotel from members of the Yunnan provincial administrative committee. Kunming is a very attractive and modern city. More than 1 million people live here. There are several buildings up to 24 stories tall. The people of Kunming are very friendly. There are several modern factories here, and the scenery around the city is very beautiful. During this visit, the delegation had a chance to visit a power plant capable of generating 25,000 kilowatts per hour. The factories here produce many types of goods for export. Our delegation then visited a large cement mill capable of producing 850,000 tons of cement a year. [passage omitted]

In Kunming City, Mr. Vangphet and his delegation met with Mr. Phu Xiao Chu in the reception room of the Mangkonkham Hotel. They also talked with Mr. Ria Ji Giang, the chairman of the Yunnan Provincial Administrative Committee, in the Xui Hu reception room.

These talks were conducted in an atmosphere of close friendship and mutual understanding. There was general agreement about the various issues discussed. [passage omitted]

As a result of the talks between the provincial leaders of these two provinces, Luang Prabang and Yunnan provinces have agreed to expand relations in order to promote mutual economic development based on respecting each other's sovereignty and on maintaining equality. The two provinces have agreed to establish trade offices in each other's territory in order to carry on trade with each other. Yunnan Province will help Luang Prabang Province in conducting economic surveys in Luang Prabang Province as a basis for developing Luang Prabang's economy and fostering cooperation between the two provinces in the future.

New Attopeu District Established*92SE0019A Vientiane PASASON in Lao 22 Aug 91 p 1*

[Text] At the beginning of August, the Standing Committee of the Supreme People's Council issued a resolution signed by Mr. Nouhak Phoumsavan, the president of this council, establishing Phu Vang District in Attopeu Province.

This resolution cited Attopeu provincial administrative committee Proposal 107/KBK of 20 April 1991 and mentioned the special geographical characteristics and difficulties in this zone. It also referred to the studies and proposals of the Council of Ministers.

Thus, in Article 1 of the resolution, the Standing Committee of the Supreme People's Council authorized the formation of this new district. This district will be composed of land formerly part of Sanamsai, Saisettha, and Samakkhisai districts. Phu Vang District will have a total area of 13,550 hectares with 18 villages, 1,312 households, and 7,383 people.

The Standing committee of the Supreme People's Council has informed the Office of the Council of Ministers, the Central Organizational Committee, the Attopeu Provincial Administrative Committee, and the sectors concerned about this and ordered them to implement this resolution.

Attopeu Province is the country's southernmost province. It borders Champasak and Saravane provinces and Cambodia. The province is now composed of five districts, that is, Sanamsai, Samakkhisai, Saisettha, Sansai, and the recently established Phu Vang.

Computer Use Described*92SE0019D Vientiane PASASON in Lao 31 Aug 91 p 2*

[Text] "In Laos, we are beginning to use laser printers, which represents a major advance among computer

users in Laos. It is accounting companies that are importing and using this type of equipment," said Mr. Sanouk Chunlamani, the head of the Computer Center, Ministry of Science and Technology.

Today, there are approximately 400 computers in use in Laos, most of which are used for accounting and managerial functions. Only two companies import computers for design purposes. These two are the National Building Company and the Design Research Institute. Approximately 1,000 people have attended seminars on the use of these computers. The use of and training on computers is expanding quickly. Two years ago, there was

just one computer training center, but now there are seven such centers, of which six are in Vientiane and one is in Savannakhet.

Computers have been introduced into Laos only recently and, therefore, they have a bright future here just as in other parts of the world today. This is because they can be used for many things depending on the skills of the users. The Computer Center, Ministry of Science and Technology, is trying to obtain the cooperation of other countries and is studying the possibility of expanding computer use in accord with our level of economic and social development.

POLITICAL

Khukrit: Forget Past With Vietnam*92SE0008B Bangkok SIAM RAT in Thai 19 Sep 91 p 5*

[Column by Khukrit Pramot]

[Excerpts] [passage omitted] Actually, looking at the history of Vietnam and Thailand and of the other neighboring countries, that is, Laos and Cambodia, people's sympathies should lie with Thailand. This is because the estrangement between Thailand and Vietnam, which reached the point where we were at war with each other for more than 10 years, stemmed from the fact that Vietnam tried to get close to Laos and Cambodia for its own benefit. It did not care about peace in this region. But regardless of this, if we want to build a new relationship with Vietnam, we should forget the past, because that is all in the past. [passage omitted]

Mr. Sakthip Krairuk stated that Thailand has agreed to increase its technical and public health aid and that it will cooperate with Vietnam on the agricultural front. [passage omitted]

Paper Urges Investment in Indochina*92SE0008A Bangkok NAE0 NA in Thai 8 Sep 91 p 4*

[Editorial: "Indochina: A New Market?"]

[Excerpt] [passage omitted] It can be seen that the Indochina countries have the potential for developing so that they are no longer underdeveloped countries, although this may take time. This is because the governments of these countries have implemented a policy of opening up their countries, and these countries are rich in resources, which will facilitate trade and investment. This will affect the economic growth of these countries in the future. However, these countries must solve the important basic public services problems such as electricity, water, and the transportation system so that they are prepared to handle foreign investment. They must also solve various problems having to do with the law. Also, government policy should provide assurance and security to investors who invest there.

Thailand should take this opportunity to open markets and invest in the Indochina countries, because we are a neighboring country. But we must study things and consider the various factors carefully. [passage omitted]

Labor Leader Profiled; Thanong Disappearance*92SE0012A Bangkok NAE0 NA in Thai 1 Sep 91 p 7*

[Interview with Labor Congress of Thailand President Manat Niyomsapmani by NAE0 NA; place and date not given]

[Text] [NAE0 NA] What is your general line on solving the problems now that you have taken this position?

[Manat] We need to ensure that things are done properly and fairly. There are still labor problems that must be solved. Laborers are still being treated very unfairly. In particular, there are still businesses that are not paying laborers the minimum wage in accord with the Labor Law. There are also problems regarding the hiring of women and children, and construction laborers are not treated fairly when they are injured. I will try to work for the benefit of laborers as much as possible.

[NAE0 NA] The fact that state enterprise employees are not included in the Labor Relations Law means that they are now isolated. In the past, there was cooperation between private labor organizations and the state enterprises. Will this have any harmful effects?

[Manat] This will definitely have a bad effect. Other countries will think that our government is not democratic. Rights and freedoms are detailed in the constitution, and so we are considered to be a democratic country. But excluding people like this will make people think that we are not democratic. If other countries view us as undemocratic, international labor organizations will oppose us. They may impose sanctions and boycott Thailand. They will send letters to other countries stating that our government is not democratic and that it has isolated the state enterprises in order to weaken the labor movement. They will demand that other countries reduce the amount of aid given to Thailand. They wield great influence in the international labor movement.

[NAE0 NA] What has been the reaction of other countries to the case involving Mr. Thanong Pho-an?

[Manat] They attended the conference yesterday and said that there will probably be some good news from Mr. Thanong one of these days. That may be true. They feel sure that he is not dead. An effort is being made to get the government to take action. Mr. Thanong holds two important positions in international circles, that is, he is the deputy president of the ASEAN Labor Council and the deputy president of the ICFTU [International Confederation of Free Trade Unions] in Brussels. These positions have not been filled pending his return.

[NAE0 NA] Do you think that he is still alive?

[Manat] I believe that he is still alive. Mr. Thanong is a very close friend of mine. I have always supported him. If he is dead, his spirit would probably have visited me in my dreams. I am speaking from a religious standpoint. But that has not been the case. That is why I am sure he is still alive. Senior people have said that he is still alive. An effort is now being made to find him. I have taken concrete steps to find him. We are cooperating with the Transportation Labor Union, the union to which he first belonged. We have formed a five-man committee, one from each of the five labor organizations. On 3 September at the Transportation Labor Union, we will send a committee to attend the meeting at 1700 hours. And on 19 October, the 100th day, we will send this committee to discuss what measures should be taken and what steps should be taken to improve things.

As for the strike called by the Transportation Labor Union, we agree that it should call a strike, because Mr. Thanong is a transportation laborer. Their strike will not affect very many people. The purpose is to get the government to take action to find Mr. Thanong. He is not just an ordinary Thai. He has a high social position. In Thailand, he is the head of a labor union. He once served as a senator for foreign affairs matters. And he is the deputy president of two councils. Thus, the government must attach importance to this. It can't simply say that there are many people who are missing. It must take resolute action to clear up this matter. The government must be made to see that he has disappeared without a trace. Leaders don't seem to want to take action. I am afraid that the burden will fall on the people. And if we find the body of Mr. Thanong, we will have to determine if someone tried to erase the trail and he was killed on purpose. We will have to hold another meeting to discuss what steps to take.

[NAEO NA] What are the labor problems in the private sector like today?

[Manat] In general, things appear to be quiet now. But in fact, beneath the surface, there are still clashes. But the employers aren't trying to resolve the conflicts properly. They are applying pressure using legal measures. If too much pressure is exerted and matters blow up, everyone will get hurt. I think that there will be an explosion some day. No one can prevent this. I think that there will be an explosion concerning the problems in the private labor sector unless resolute steps are taken to solve the problems.

[NAEO NA] What is your view of the labor movement today, and what steps will be taken to build unity in the labor movement?

[Manat] It's difficult to talk about building unity in the labor movement, because there are several councils. The first thing is to get the councils to cooperate so that we are all moving in the same direction. We must have unity and speak with one voice. Labor leaders must work together more. I am not criticizing a particular group or faction. The way that the labor councils used to accept money sowed dissension. Labor leaders must be steadfast and really work on behalf of the laborers.

[NAEO NA] There have been several incidents that have caused people to think that the labor movement, including the Labor Congress, has been infiltrated by international labor organizations.

[Manat] Actually, with respect to international labor organizations, we are a member of the ICFTU. This is an international labor organization that is headquartered in Brussels. They are not interfering in anything, because we are a member. But it is true that they do use the foundation form. We are not certain whether they are interfering or not. They view this as providing help. But sometimes, aid overlaps, which results in interference and unfairness. Because of this help, instead of working together, some laborers are isolated. As a result, these

laborers haven't joined the Labor Congress. Instead, they receive help from that organization. They don't think that it makes any difference, because if they don't join the Labor Congress, there will still be someone to help them. This help is a duplication, but I can't say whether this is interference.

[NAEO NA] What can be done to solve this problem? Because if there are demonstrations, people will say that international labor organizations are supporting this, and they will think that that Thais are harming fellow Thais.

[Manat] This is up to the state. We have to discuss this together. Units that want to help labor should discuss matters with the labor unions. They should not help one union while helping another group at the same time. This will generate unrest among the laborers who have not been given any help. They won't participate. That will foster splits. If international labor organizations really want to help the laborers, they should cooperate with us. The various unions must work together to set a line. Unless there is unity, people will continue to view us this way.

[NAEO NA] In your view, should the labor movement become involved in political matters and if so to what degree? Do you agree with those who say that laborers should have their own political party?

[Manat] I think that it's too soon to have a political party. The first thing is for laborers to unite. If the various labor groups are unified and if labor leaders are aware of their political rights and duties.... Suppose that three to four months from now, we feel that a party is suitable because it has a clear political policy of helping laborers. We should support that party even if it is not a government party. Even if it comes in second in this zone, politicians will take note of laborers and their unity, because we will work with the political party as an ally. I don't think that we will become involved to the extent of forming a labor party, because laborers in Thailand are not at that point yet.

[NAEO NA] Do you want Thailand to have a Ministry of Labor?

[Manat] Today, the government units concerned, particularly the Labor Department, can't function properly because we don't have a ministry. Thus, a ministry should be established as soon as possible. The Labor Department has very few officials working for it. It can't inspect things. This has greatly affected the interests of the laborers. Recently, Mr. Wichit planned to go visit the Children's Development Center, but he couldn't go because there wasn't anyone to welcome visitors. We know that the ministry has very few people. That is why the government should establish a Ministry of Labor as soon as possible.

[NAEO NA] What do you think of Mr. Yuwarat Kamonwet, the new director-general of the Labor Department?

[Manat] I don't know what his talents are. All I know is that he is a member of the subcommittee that is drafting the constitution. We must give him time first. But what I do know is that regardless of who is director-general, the laborers won't benefit, because whoever holds this position will be bound by the rules and regulations of the ministry. He will adhere to legal principles. Actually, he should adhere to political science principles. I am sure that he is an NPC [National Peacekeeping Council] man. Mr. Prasit Chaithongphan is behind him. Mr. Yuwarat is just the administrator.

[Editor's note] Actually, Manat Niyomsapmani is not as well known as some former and present labor leaders such as Phaisan Thawatchainan, who is now deceased, Sawat Lukdot, Ekkachai Ekkahankamon, Thanong Phohan, Wichai Thosuwanchinda, and Suchin Phetrot. But from the standpoint of being a laborer who has constantly struggled on behalf of fellow laborers, it can be said that Manat is a true labor leader. He said very confidently: "I am sure that I understand the labor problems better than anyone else." This may be because "I first went to work in 1957. I started working when I was still a child. I have been working for more than 30 years. I have done all kinds of industrial work." And that is not all. "In 1976 I joined the labor movement. I participated in strikes at industrial plants in order to demand changes in working conditions and benefits. There were many strikes that year (1976). I was the first president of the Labor Council."

There was certainly much labor unrest in 1976. "That was because the Red Guards tried to block us. People threw Molotov cocktails and used plastic explosives. But we kept on. But I don't think that the situation will be like that again, because the various movements are now doing things within the framework of the law."

Manat Niyomsapmani was born on 14 January 1946. He completed Grade 4 at the Khamao Phithaya School in Nonthaburi Province. He was recently elected president of the Labor Congress of Thailand, replacing Thanong Pho-an. He is also the president of the Thai Silk Labor Union. From now on, many people will be keeping an eye on him.

Democrat Party Leader Discusses NPKC, Issues

92SE0001A Bangkok KHAO PHISSET in Thai
9-15 Sep 91 pp 18-24

[Interview with Democrat Party Leader Chuan Likphai by KHAO PHISSET; place and date not given]

[Excerpts] [KHAO PHISSET] What do you think of the first draft of the constitution, which it appears, will be strongly criticized?

[Chuan Likphai] We are not going to quibble over the details. The basic issue for the country is that if we want a democratic country and respect for the power of the people, the constitution must clearly uphold the principle of the power of the people. When they did not have

the confidence to write a temporary constitution, that was all right, but when they wrote a permanent constitution which would reduce the power of the people, that was the first point that was wrong. This change can be seen clearly in the increasing role of the unelected senators compared with their role in the 1978 constitution. This was not a justification given for the coup so why should there be this change. The second point concerns specifying more amendments to the constitution than are necessary. If the committee drafting this constitution wants the nation to hold elections along these lines, that is their own position. But they will have to create an opening for when the representatives of the people arrive. The representatives must be given an opportunity [to consider the constitution]. If they agree with it, they may accept the entire constitution. If they do not agree with it, they should be given the opportunity to express all their views. If they gather and decide the nation should proceed a certain way, they should have the right to amend the constitution further. But under the conditions drafted in the constitution even if all the representatives wanted to make changes, they could not because it is specified that there must be 420 votes, and there are only 360 representatives. I feel this is dangerous; it is like not allowing the people to decide the fate of the nation. [passage omitted]

[KHAO PHISSET] With regard to the constitutional committee, how good do you feel the justification is that this committee is an important means for controlling the ethics of MP's [Members of Parliament] and preventing vote buying?

[Chuan Likphai] I feel it is just an excuse. From my experience with the behavior of MP's I would say that this problem is the result of the negligence of national officials. There was vote buying by MP's because the organization responsible for controlling this, the Ministry of Interior, did not really combat it. They were not interested in arresting and punishing those breaking the law. They arrested some, I think there was only one, in the by-election in Lamphun. This ill has become a charge of the NPKC [National Peace Keeping Council]. I love justice and truth. What is the truth here? This has been the result of the negligence of officials in applying the laws. But to get back to the constitution, it specifies conditions which are not justified by this problem, such as, I think it does not allow MP's to be ministers so as to correct vote buying. It is as if it is denying democracy and the power of the people. This would be like abolishing the government bureaucracy because government officials were corrupt. So to prevent politicians from buying votes, they would deny them a role in running the country. This is wrong. [passage omitted]

[KHAO PHISSET] If a division of powers is employed, will it be like the constitution of 1968?

[Chuan Likphai] Yes. I was in the opposition then and did not have any power. The Prime Minister was Field Marshall Thanom Kittikhachon. He was head of the Sahaprachathai Party and did not have to be elected. It

was very convenient. He picked many other generals to be his ministers. MP's had the role of either supporting or opposing. That system was not the parliamentary system which had been used for two years and nine months. Field Marshall Thanom had conducted a coup and abolished that constitution. This system failed.

[KHAO PHISET] Is there a desire to return to that system? [passage omitted]

[KHAO PHISET] The reason I asked this was because there have been observations that despite the powers of the constitutional committee and the senators, the military has control and does not need direct control.

[Chuan Likphai] For a certain period only. They should only have a certain amount of time. A long period like this is too much. It is not right, and it cannot remain like this. It will collapse somehow. I worry a great deal that writing the constitution will be difficult and some group might take advantage of the situation. They might not conduct a coup to establish a dictatorship but to establish a democracy. After the coup they would ask that the constitution be made democratic and then they would have a falling out. I worry about that a great deal. I think that they love their country also and want it to be on the right path. But when the trend is like this, how can we accommodate each other. I do not understand why there are these reactionary thoughts.

[KHAO PHISET] Therefore is it true that the military has power over the constitutional committee and the senate?

[Chuan Likphai] Some may be thinking along those lines in order to extend their power. This is something we cannot prove. But they will only have these thoughts for a time. I believe that after the election, the prime minister will have to be an elected official. I honestly think that. I do not believe that anyone will be able to fix anything even though they may want to because the NPKC is opposed to vote buying. I want to be fair with them - this is good. Those who have not encountered vote buying will never know how bad it is. I would like to support them in this. We do not criticise them in everything - it would not be fair. [passage omitted]

[KHAO PHISET] You said yesterday in an interview that constitutions which were written during coups were not democratic.

[Chuan Likphai] In general it would be difficult. In 1978 they agreed to this because they were disappointed with what happened in 1976 in the government of Thanintha when they sought to draft a constitution in twelve steps (laughter). They thought they could write a constitution in that form. After one year of trial the reform effort failed. At least 3,000 people ran off to the forest. They assumed that the nation would collapse. So they allowed the reform committee to be overthrown and the coup committee announced that it would draft a constitution. The reform committee acknowledged its mistakes and the 1978 constitution was democratic. They also asked

that the provisions which were to be temporary for four years be extended. This was the proof. I have been reading about this sort of thing for more than 20 years and have seen this approach used all the time. Of course today it is not like it was then. The situation has changed a great deal. The world has changed. We know much more.

[KHAO PHISET] After the coup you had a prominent role. I would like you to present your real view of what the best relationship between the military and politics would be.

[Chuan Likphai] I feel that in the initial period after the next election the military, I mean the people in the military, may still be very uneasy, for example, about revenge and fear of revenge. This may cause some groups to want to remain in power to keep anyone from doing anything. I do not think these concerns are valid; we are confident that we are doing what is correct because writing the constitution is justifiable and will not cause any problems. I believe that politicians in the future will have to be highly qualified. If they are not the people will not accept them. Qualified politicians are not irrational and so everything will be done correctly—if someone should do something wrong, it would be difficult to cover it up. I am still optimistic that at some point in the future everything will fit together if every faction—my group is a political faction—is good and does nothing to make history repeat itself as in the past. You have to admit there were deficiencies. That was something for which they criticised us a great deal. It made people agree with the coup. In general people agreed with the coup because their accusations were correct. But this is not to say that we are now allowed to say that if such and such is true then there has to be a coup. Or if people hear them and agree then they will want the nation to follow their plan. It is not that easy and will take a long time because bringing the politicians of various factions to think the same will be impossible. Therefore the problem confronting us is the politicians. If we tackle this problem now, we will not get anywhere. But in the long run we know that their nature must change. It is the function of politicians to solve problems; they cannot be afraid of events. When we look at the situation like that, we can begin to proceed. [passage omitted]

[KHAO PHISET] If the Democrat Party is in coalition with the government, what sort of a relationship will be established between the military and the government?

[Chuan Likphai] I believe that our basic principle is that the military is a government unit which is important for the administration of the country as part of the government. What the role of the military will be is very clear.

[KHAO PHISET] Does this mean that if some wrong is done, we should deal with it within the system?

[Chuan Likphai] Certainly. We would have to proceed according to their rules of justice because all military officials are under the same laws in the same section of

government and so must be dealt with equally. If something is not right, it is the duty of the government to correct it. Those activities which are part of their role to perform, they must have the right to perform. I would also like to say that this does not apply just to the military and the Ministry of Defense. It applies also to other ministries and departments. Unintentionally other ministries, bureaus, and departments do not understand the importance of relations between the government and the ministries, bureaus, and departments. Therefore if ministers have a just relationship with the government regarding transfers, there will not be much of a problem. Problems usually arise because government officials sometimes do not deal justly with subordinates. The politicians can correct this sort of thing and so perhaps politicians should step in to correct this problem. But they must be those who have not caused injustice.

[KHAO PHISSET] But it is clear that the military is now spreading its power widely. How do those in political circles feel about this?

[Chuan Likphai] We are following this. At this point we are watching the developments with regard to these appointments. There has been a great deal of criticism. The gist of the criticism is that this has created a precedent even though it is not being done now. The criticism was the result of what had been done in other places. It was as if those who were criticizing were somehow different. I feel that every part of government might be criticized for its appointments depending on who is observing. [passage omitted]

[KHAO PHISSET] In the past the Democrat Party did not concern itself much about the problem of the prime minister coming from the outside. In the future after the election will this be a problem?

[Chuan Likphai] The situation has changed. Now the country and the people want someone from the people to administer the country. I believe that future prime ministers will have to be elected. This may force those of the leadership in the military who want political positions to become involved in politics. But this will be for the various political parties to decide. We in the political parties believe that the next prime minister must be elected.

[KHAO PHISSET] If there were pressure to have the next prime minister come from outside, what would the Democrat Party do?

[Chuan Likphai] I would really like to know who would dare to suggest this. This would not mean that we would have to join in a coalition to form the government. If we see that we cannot join in a coalition then we will be in the opposition. We have prepared for two possibilities; we have prepared to become the government and also to be the opposition. [passage omitted]

[KHAO PHISSET] Now that six months have passed since the coup, there is a great deal of criticism that the

accomplishments of the NPKC have not been impressive. Has the poor image of the political parties improved in the eyes of the people you have interviewed?

[Chuan Likphai] The people have not given clear answers, but I would compare what they said to statements of satisfaction or of getting what they deserved. The people are beginning to encounter individual problems such as high prices and rubber prices dropping, but it seems that what everyone is complaining about is the inappropriate behavior of and the increased advantage taken by government officials. The officials dare to do this because they know there are no representatives to complain. That which most interests people in the South is the unanimous disagreement of the headmen and village leaders with the methods of the Ministry of Interior. They want officials to be selected for definite terms.

[KHAO PHISSET] You have heard the five justifications for the coup. I would like to ask you as an important politician whether the NPKC has rectified these five problems or not.

[Chuan Likphai] I would not like to answer this question directly. I would just say that these five justifications are important or not depending on the facts of the situation. What about those not interested in these five justifications. Villagers are interested in problems which affect them such as high prices and falling agricultural output. The safety of life and property has not changed from the past. Security might be handled better now than when there were MP's who would appoint campaign officials to this and that. Now there are no campaign officials, and this sort of thing is forgotten. [passage omitted]

[KHAO PHISSET] The constitution which has been drafted has been criticized a great deal. Do you think there will be opposition to it?

[Chuan Likphai] I have not heard of opposition. But politicians are complaining about the constitutional committee. I am not interested in the individuals involved. Who would the [NPKC] pick except this group which they picked in the beginning. But the fact that we are following their progress creates the danger that the [NPKC] would want to rescind this or that, and this body would accept it or consider it. I admit that I respect these people—at least they will have an effect on the future. If the politicians behave like this, some people will say that politicians are criticizing too much. But actually we are doing it to make people aware not that we are more skillful but that we have experience. We are not in a make-believe world; we are not waiting to be appointed. We have had a hard time with regard to elections and so insist on this point. We have been through enough disappointments and successes that we can now warn people not to leave things to the end when things cannot be changed. Someone might come along and fix things in an inappropriate way. Then we would be sorry.

[KHAO PHISSET] If that happens what would you do?

[Chuan Likphai] (Laughter) I do not know. I hope that does not happen. I hope this committee will accept amendments. If they do not accept amendments on other points, they should allow for the possibility that the constitution be amended. Then if the representatives of the people see that amendments are appropriate, they can join together to make them, and the majority will have its way. Those whom the people elect must approve the constitution. [passage omitted]

Student Leaders Move Against NPC, Constitution

91SE0008C Bangkok NAO NA in Thai
16 Sep 91 pp 1, 14

[Excerpts] [passage omitted] Starting at 1530 hours on 15 September, about 100 students led by Mr. Parinya Thewanarumitkun, the secretary general of the National Student Federation of Thailand, held a demonstration to voice their opposition to the "NPC [National Peacekeeping Council] constitution." [passage omitted]

Before the start of the debate, Mr. Parinya told reporters that the draft constitution is now being amended, and this indicates that the National Peacekeeping Council (NPC) has no intention of "getting off the tiger's back." This is evident from the fact that it established a 25-man extraordinary subcommittee during the second phase. Furthermore, it has not kept its promise of returning power to the people within six months after the 23 February coup. Thus, students must come forward and demand that the NPC restore democracy and return power to the people as quickly as possible. The NPC must stop destroying democracy and trampling on the rights and freedoms of the people, such as by appointing subdistrict chiefs and village headmen, suppressing people, such as in the case of Phra Prachak, and extending the powers of people in the NPC.

Mr. Parinya said that a nationwide public opinion poll showed that 90 percent of the people agree with the students that the prime minister must be an elected official. It must not be difficult to revise the constitution. The Senate should have the power to review the laws only. If the NPC remains obstinate and refuses to give up power, the Student Federation of Thailand and students throughout the country will protest vehemently. [passage omitted]

At Thammasat University, Mr. Phongsa Kaeonon, a student representative from Khon Kaen University, spoke during the debate and criticized the new constitution. He said that it has made it difficult to make revisions because it requires a two-third vote by both houses of parliament, that is, 420 votes. Thus, after the election, the House of Representatives will not have a chance to revise the constitution, because altogether there are only 360 MPs. And most of the senators are people who have been appointed by the NPC. Thus, there will be no chance of revising the constitution to make it more democratic.

Mr. Phong said that the new constitution does not stipulate if the prime minister must be an elected official. This will give certain people a chance to become prime minister even though this goes against democratic principles. "We don't want a constitution that is written by people who are not democratic. Neither the committee that is considering the constitution nor the National Legislative Council represent the people. Both were established by the NPC. Thus, there is little chance that the constitution promulgated will be a democratic constitution."

A reporter reported that about 500 people came and listened to the students speak. In addition to the debate, the students also put on political play ridiculing the leaders of the NPC.

A group of MPs [Members of Parliament] headed by Mr. Praphansak Kamonphet attended the student demonstration. They walked around Sanam Luang carrying banners with the picture of an elephant and various statements calling for democracy, such as "Oppose the new constitution," "the prime minister must be an elected official," and "the government must hold an election in 1991."

During the course of the student debate, the drama group from Thammasat University performed a play entitled "The Iron Men of 1991, Su and Tui, or Fight Big Brothers." The play ridiculed three NPC leaders, General Suchinda Kraprayun, General Isaraphong Nuphakdi, and General Sunthon Khongsomphong, and also General Chawalit Yongchaiyut, the leader of the New Aspiration Party. "Big brothers" referred to the representatives of democracy who have been threatened and harassed by the NPC. The play showed people seizing power and then promulgating various laws that coerced the people and served to keep them in power.

After the play, the debate continued. Mr. Wanchai Wongnoen, another representative from Khon Kaen University, said that students cannot allow the NPC to seize power from the people. Students will call on the political parties to formulate a platform and, during the election campaign, tell the people that if they are elected, they will revise the constitution to enable the people to vote for the parties of their choice. During the campaign, the Student Federation of Thailand will coordinate things with students from around the country to monitor things and ensure that the election is a clean election free from vote buying.

After that, Mr. Anthawuti Chanthabutsarakham, a student representative from the King Mongkut's Institute of Technology, north Bangkok campus, said that the appointment of village headmen is destroying our democratic organizations. This shows that the NPC is thinking with its feet rather than its head. The NPC claims that it had to stage a coup because of all the problems caused by the previous government. But he said that in his view, that is just an excuse.

The student debate ended at 1930 hours. There was no violence, and the police did not take action of any sort. Mr. Noraniti Setthabut, the rector of Thammasat University, said that police officials from the Chana Songkhram Police Station had come to see him and told him that the students intended to use loudspeakers powerful enough to enable people in the middle of Sanam Luang to hear. He ordered the students to turn the speakers so that they faced the university, and the students did so.

It was Mr. Pricha Suwannathat, the deputy rector for student affairs, who gave students permission to hold the debate on the campus of Thammasat University. Mr. Noraniti talked about the university's policy, saying that he supported allowing students to express their views in a legal manner.

That same day, the Student Federation of Thailand issued an announcement asking the people to sign a petition calling for a democratic constitution. The four points in the petition were: 1. The prime minister must be an elected official. 2. The power of senators must be reduced. If they have great power, they must be elected officials. 3. The new constitution must not have provisional articles extending the term of the NPC or Article 27. 4. It must be easy to revise the constitution. This must be up to people who have been elected by the people, that is, MPs. It must be possible to revise the constitution by a two-thirds vote of the House of Representatives.

Opinion Leaders View Conservationist Monk Dispute

Khukrit Sides With Government

92SE0009A Bangkok SIAM RAT in Thai
7 Sep 91 pp 5, 14

[Column by Khukrit Pramot]

[Excerpts] I have monitored things with great interest ever since the start of the conflict between Phra Prachak Khuttachitto, a monk at Khao Hua Nam Phut in Pakham District, Buriram Province, and administrative officials, including the district officer and the governor of Buriram Province. [passage omitted]

Until a few days ago, I viewed Phra Prachak as a man who has had good intentions toward the nation's resources and who has worked to preserve our country's forests. I don't know what the result of his actions will be. This will probably go to trial. Thus, in my view, Phra Prachak has been a person with good intentions just like Aet Kharabao.

On 5 September, Phra Prachak talked with a MATI-CHON reporter about the clash between 400 villagers from Pakham District, who were traveling to Ban Nong Yai in Soeng Sang District, and police and military forces on the Pakham-Soeng Sang highway in Soeng Sang District, Nakhon Ratchasima Province. During the

clash, Phra Prachak was hit in the face by a soldier. Some people were arrested, and about 10 people were injured. He said that he didn't want to talk about this, because that would not be beneficial. It would just make things worse. He said that people were rushing about in a disorderly manner and that people should simply forget the matter.

Phra Prachak also said: "Just after the NPC [National Peacekeeping Council] seized power, I thought that it would be able to stop the illegal felling of timber and destruction of the forests. In particular, I thought that they would be able to solve the problem in Pakham District. But today, the situation is much worse. I am disappointed, because I have constantly tried to solve this problem. On 28 August, a group of villagers and I went to arrest some timber smugglers in the forest. We arrested one smuggler and learned that he worked for an influential person. The villagers tied a piece of cloth over his eyes, because they were afraid that he would later return and kill them. He was turned over to police officials at the provincial police station in Pakham District. But the police released him. But I want to say that I will continue this struggle. Even if they burn the temple, I will have to stay inside, because we are approaching the Buddhist Lent." [passage omitted]

Phra Prachak is a monk. If something happens and he is asked about it, he has to tell the truth. But he shouldn't be saying things like that. If he had remained silent and refused to speak out, he may as well have been deaf and dumb. But if he had remained silent like Phra Temiya-phothisat, I wouldn't criticize him at all. But he has not done that. He has said a little, as if saying too much will make things worse. What that means is that that is something that should be turned into a major issue. But he didn't say anything. Thus, this is something important that people will want to know about. Eventually, this will come out. This will give rise to splits and could lead to disorder, which is the reason he gave for not wanting to say anything.

As for his statement about the NPC and the forest issue, I think that if a person takes the vows and becomes a monk, it doesn't mean that everything he says is a sermon. Monks who make critical remarks like this are not giving a sermon. His remarks will upset people and make people angry. He could have remained silent. But he should not have said that if he talked about that matter, that might make things worse. Because talking like that just arouses people's interest. [passage omitted]

There are reports that the governor of Nakhon Ratchasima Province does not dare arrest Phra Prachak and have him disrobed, because this is not a clerical offense. And it is not a major offense. I agree with the provincial governor, who has ordered that Phra Prachak not be disrobed. This case will have to be tried in court. Ordering him disrobed is a major matter. If he is disrobed, I don't know if he could ever be reinstated in the Buddhist order. All I know is that ordering him disrobed would just wash away the truth. This would be

a grave sin. If officials order him disrobed and the court later finds him innocent, what would happen? Would the governor ordain him again? [passage omitted]

I would like to consider whether Phra Prachak did anything wrong. If Phra Prachak has built something in the forest for himself and considers that to be a temple where he will stay during Buddhist Lent, whether that is right or wrong is something that we will have to think about. According to the Buddhist discipline, monks must reside at a temple during Lent. [passage omitted]

As a result of what has happened to Phra Prachak, he is viewed as being a person who opposes the government. Many villagers want to become a disciple of his. Using modern slang, Phra Prachak has begun forming a gang.

But there is more. Today, angry villagers from various places such as Soeng Sang District are flocking to Phra Prachak, because they want to rely on the strength of his mob to intimidate officials. The fact that he allowed a mob of 400 people to form at Ban Nong Yai in Soeng Sang District leaves me speechless. All I can say is that he formed a mob and marched on a government site in order to oppose the actions of government officials. From what I learned when I was a monk, I think that what he did was wrong. Even monks can't form mobs and clash with government officials. Phra Prachak probably knew that the mob of 400 people marching to Soeng Sang District would become a mouthpiece and that there might be a clash. There were no guarantees. Not even Phra Prachak could guarantee things. [passage omitted]

Paper Comments on Monk's Role

92SE0009B Bangkok NAEON in Thai
16 Sep 91 pp 1, 22

[Excerpts] Phra Prachak of the Khao Hua Nam Phut monastery in Pakham District, Buriram Province, and a number of villagers were arrested on charges of illegally entering a government forest area and clashing with officials. Phra Prachak was supposedly involved in the clash. The Thammasat University Student Organization and the Natural Resources and Environmental Protection Committee issued a joint statement about this. The statement said that officials should not use force to solve this problem. They should listen to the arguments of all sides. As for forcing large numbers of villagers who have been living and working in an area for a long time to leave the area, besides the fact that this will demoralize these people, the villagers are concerned that without villagers in that area, it will be easier for certain groups to carry on illegal timber felling operations there. The villagers here are very angry.

A monk who belongs to the forest conservationist group said that it's not true that Phra Prachak joined with the villagers in attacking government officials, who had gone there to expel those trespassing on government property. Phra Prachak went there just to ask officials not to harm

the villagers. The Human Rights Association, which has lawyers serving as board members, issued a statement saying that it fears that Phra Prachak will be persecuted and harmed. This is because he is one of the leaders of the villagers who are trying to save the forests and who oppose the influential people who are destroying the forests. They called on the mass media to assign reporters to the monastery of Phra Prachak in order to report the facts and keep people informed of what is happening. [passage omitted]

We agree with the Thammasat University Student Organization and the Natural Resources and Environmental Protection Committee that this is a very complex matter. Officials should listen to the views of all sides. Simply taking action in accord with the law will cause problems for the people, particularly those who are not criminals. They have been living in public forests, or forest preserves, for a long time. They have been living and working there for a long time without anyone opposing this. In particular, Buddhist organizations have established themselves there in order to conduct religious ceremonies for the villagers. Driving these people out will cause problems. Officials can't use just legal principles to solve this problem. They should also use the principles of political science.

Luang Pho Panyananta of Wat Chonlaprathan Rangsarut once said that monks and spirits could preserve the forests better than ordinary people. The officials concerned with preserving the forests should go and learn the details from Luang Pho Panyananta, who once said that Phra Prachak is a conservationist.

Chawalit Backs Monk

92SE0009C Bangkok MATICHON in Thai
16 Sep 91 pp 1, 22

[Excerpt] [passage omitted] General Chawalit Yongchaiyut, the leader of the New Aspiration Party, talked with reporters on 15 September about the matter of Mr. Yunyong Ophakun, or Aet Kharabao, asking his cooperation with respect to the matter of Phra Prachak of the Khao Hua Nam Phut monastery in Hu Tham Nop Subdistrict, Pakham District, Buriram Province. He said that Aet Kharabao is not the only one who has asked him and the New Aspiration Party to provide help. He has been asked to talk with military and government officials. He said that the New Aspiration Party has already done this. The New Aspiration Party cannot stand by idly when the people encounter problems. As for how this matter will be resolved, this is up to judicial officials, who will take action in accord with the law. But the New Aspiration Party will study the matter and make recommendations on how to solve this problem. [passage omitted]

Phra Prachak on Conflict With Military, Arrest
92SE0010A Bangkok MATICHON in Thai 7 Sep 91 p 3

[Interview with Phra Prachak Khuttachito by MATICHON; place and date not given]

[Text] There was a clash between approximately 400 villagers from Pa Kham District in Buriram Province and police and military officials on the Pa Kham-Soeng Sang Road in Soeng Sang District, Nakhon Ratchasima Province. There were reports that Phra Prachak Khuttachito, the head of the Khao Hua Nam Phut monastery in Pa Kham District, was hit when he grabbed the waist of an official in order to prevent officials from harming the villagers. That occurred on the afternoon of 4 September. Then, at 1500 hours on 5 September, police and military officials arrested Phra Prachak at his monastery and filed charges against him. These events have generated widespread interest. In order to find out what happened from the perspective of the man who was arrested and who is a conservationist, MATICHON interviewed Phra Prachak.

[MATICHON] You were arrested by the police and charged with instigating a riot and preventing officials from carrying out their duties. What are your views on this?

[Prachak] I want to say that I am innocent. I am innocent of the charges filed by the police. I had no intention of doing those things. Those events occurred spontaneously.

I was going to Ban Nong Yai in Soeng Sang District, Nakhon Ratchasima Province, to carry on some conservationist activities. By chance, there was a confrontation between villagers from Nong Yai and officials concerning land. When I arrived, the officials thought that I had come to incite the villagers.

I did not know beforehand that there was going to be a clash between officials and villagers from Ban Nong Yai. When the conservationist group reached the scene of the clash, the officials blocked the way. Thus, officials clashed with two groups, the villagers from Ban Nong Yai and my group of conservationists.

Some of the officials were mistreating the villagers. I felt sorry for the villagers and so I tried to stop the officials. As a result, they thought that I was trying to incite the villagers from Ban Nong Yai.

[MATICHON] Were any politicians or influential people behind this?

[Prachak] No. I did that with pure intentions. I am trying to save the forests, which are headwater areas. I have lived as a monk in the forests for many years and so I love the forests. I did not have any other intentions.

[MATICHON] Now that the police have filed these charges, has that discouraged you with respect to your forest conservation work?

[Prachak] No. But I will have to step back a little so that similar conflicts don't happen. Outsiders thought that force was being used in the struggle. I have thought about my arrest. If they kill me, I will not be able to carry on my conservationist activities. I think that in the past, I have adhered to my own views and natural law too much. I must find a way to reach a compromise with government officials. Besides this, I will reduce my visibility. If I return to my monastery at Khao Hua Nam Phut, I will stay outside. If I can't achieve anything, I will leave the monastery there, go somewhere else, and not get involved again.

What I am most concerned about is, if I leave, will this forest survive? If I and the police and the military officials can reach an understanding, I will return to the monastery there. I hope that the military and the police will cooperate in preserving the forest.

[MATICHON] When did the officials file charges and take you to the Nakhon Ratchasima provincial police station in Muang District?

[Prachak] At 1500 hours on 5 September, police officials entered the monastery and put me in a truck without telling me anything. I thought that they were going to kill me. I was very nervous. But we finally reached Korat. They did not harm me in any way and were very considerate of me the entire time. When they came to get me, the villagers at the monastery became alarmed and began to cry.

While riding in the truck, I hit my head against the truck, because we were going very fast. But the officials arranged a better seat for me. The officials treated me very well. I criticized myself for thinking that they were going to kill me. Actually, they had good intentions. But I do not agree with any of the charges filed against me.

[MATICHON] How will you fight the charges?

[Prachak] I have not found a lawyer yet, because this happened so suddenly. But I think that I will ask Mr. Philuk Saengsai, a former MP [Member of Parliament] from Buriram Province, and Mr. Thongbai Thongpao, a lawyer who has been involved with such cases and who is now busy with other cases in the Buriram court, to represent me. Both of these people are sincere about wanting to help me.

As for posting bail, if someone wants to post bail for me, that is fine. But if I have to stay here, it doesn't matter. I don't mind staying here if the officials don't think that I am causing problems for them. If I have to remain at the Nakhon Ratchasima provincial police station in Muang District for a long time, that's fine.

[MATICHON] Is there anything that the people can do to help you?

[Prachak] I don't want to bother them. I don't want to cause a disturbance. I just want people to carry on their lives as normal during this period. There is nothing people can do. People shouldn't be afraid. They should remain quiet.

[MATICHON] Of what are you most afraid?

[Prachak] This is a critical period. I am afraid that I will be forced to disrobe. Even if I refuse, there probably isn't much I can do if I am forced to disrobe. They could then take me anywhere. From now on, I will probably have to reduce the intensity of my forest conservationist activities, because I probably won't be able to deal with the threats. I will have to be flexible. I thought about this as I was riding in the truck after the police came and arrested me at my Khao Hua Nam Phut monastery. Because if something happens, no one will be able to help. I will have to help myself.

After the clash, I knew that I would be arrested. I called people until 0200 on 5 September hours to ask for help. That morning, I told my disciples that I would definitely be arrested and that I hoped something could be done to protect me. That afternoon, five or six policemen came and arrested me. All the villagers did was cry. They couldn't do anything. But the police did not harm me. They just took me to Korat for questioning.

[MATICHON] What will your future in the Dong Yai forest be like?

[Prachak] I will have to be flexible. I can't use a "hard stick" as in the past. I will have to become more compliant. I may even have to leave Dong Yai. The entire village may have to leave. We may have to go and live on land provided by the land distribution program (KCK) near the forest zone. I hope that doesn't happen, because many people will think that I am weak even though I have waged a struggle constantly. I don't understand the government's policy. I am a monk who has acted in accord with the teaching of the Buddha, who said that monks must live in the forest and find peace. But by living in a forest where interests are involved, I have stirred up trouble.

[MATICHON] Would you describe what happened on the day of the clash? Were you injured?

[Prachak] No. No. (raises his hand to decline) I don't want to talk about that. That wouldn't be beneficial.

[MATICHON] How do the villagers feel?

[Prachak] They are discouraged. Several people have left. The number left is dwindling. There are about 60 families left, or about 500 people. About 200 are members of my conservationist group. But the number will probably decline.

[MATICHON] What is Mr. Kham Butsari doing?

[Prachak] Mr. Kham has not participated for a long time. He now sides with the opposition. I have not seen him.

[MATICHON] Is what happened connected to the fact that conservationists caught some people felling timber illegally and bound their hands and blindfolded them?

[Prachak] Definitely. This is tied to the matter of interests and the land issue.

[MATICHON] Has what happened discouraged you in carrying on your work?

[Prachak] Sometimes I feel discouraged. But actually, what we are doing is trying to preserve the forests. This will be of great benefit. We are sincere in our efforts to preserve the forests.

[MATICHON] Will you submit the matter to the supreme patriarch?

[Prachak] I hope so.

[MATICHON] You once said that you were coming under pressure.

[Prachak] I don't think that I should discuss that right now. Great pressure is being exerted.

[MATICHON] Some people say that you are under the influence of a politician. Is that true?

[Prachak] No, it isn't. I am doing things independently.

[MATICHON] What is behind the effort to force the villagers out of this area?

[Prachak] Actually, it has to do with timber and land. It has to do with the interests of some people.

[MATICHON] How did you feel when you were in the interrogation room?

[Prachak] I was very worried. I wanted to post bail. If the court approves it, I could be arrested and disrobed. Unless they disrobe me, I can't be put in jail. I don't have a place to stay. Let them take responsibility. I would have to disrobe. If I can get through this period, everything will be fine. Let's wait to talk about those problems. As for disrobing, no one has the right to do that. If they ask me to disrobe, I will refuse. I love being a monk. And I have worked to preserve the forests, to benefit nature and wildlife. The forests are the life of the land, and our land is in trouble. This has to do with the environment. This is a very complex matter. People must become aware of things. That is why I became involved. I have to protect the faith here. This is the duty of monks. I am doing my duty as a monk. But others may not understand what I am doing. That is why there is a conflict. But I will reduce my demands so that I can get along with the world and so that more problems don't arise.

[MATICHON] You are at a disadvantage to the world at large.

[Prachak] Exactly. The world is very strong. We have to give in some.

[MATICHON] Which lawyers have you approached?

[Prachak] I just met with Philuk Saengsai. I think that he is a moral person.

[MATICHON] Have any soldiers offered to join your conservationist crusade?

[Prachak] Yes, but I don't think they really appreciate nature. I want to become a little more flexible and meet them half way. I think that I have to give in some now. But that doesn't mean going against what is true. I don't want violence. They say that they favor conservation, but their actions prove otherwise. We have to look at the facts. We live in this area and so we know what is what. I don't know whether they are sincere in their proposals or not.

[MATICHON] Once this ends, what will you do?

[Prachak] I will continue my conservationist activities. But I will have to be more circumspect. I can't confront the world so directly. Making some concessions to gain a little is better than not gain anything at all.

Paper Supports Activists' Protests

92SE0012B Bangkok DAILY NEWS in Thai
11 Sep 91 p 5

[Untitled editorial]

[Excerpt] The present disturbances are likely to become a political factor. The recent demonstrations are probably the result of long pent-up dissatisfaction. The people concerned who know what is happening tend to agree and are prepared to act together when something happens.

Students and politicians are protesting the draft constitution, which is now being amended by the subcommittee, laborers are staging demonstrations concerning the sudden disappearance of a labor leader, and subdistrict chiefs and village headmen are protesting the revision of the Local Administrative Act. People have also demonstrated to voice their opposition to the arrest of Phra Prachak. These things should be given careful attention by the people responsible. [passage omitted]

MILITARY

Arms Brokers' Air Force Ties Probed

92SE0013A Bangkok KHAO PHISSET in Thai
23-29 Sep 91 pp 23, 24

[Article by Uaiphon Taechutrakun]

[Excerpt] The reports that Rasi Bualoet, an arms dealer, is forging ties to people in the Air Force is causing great concern among those who presently serve as arms brokers to the Air Force. In the past, this clever woman gained a monopoly on arms sales to the Navy during the time that Admiral Praphat Krutsanachan served as RTN

CINC [Royal Thai Navy Commander in Chief]. And now she is gaining influence at Don Muang.

This woman, who has, like Jack the giant-killer, taken on such a major figure as Naowarat Phattanodom, began her climb to the top by selling goods worth 400 million baht to the Navy. After that, she dominated arms sales to the Navy. Other arms dealers charged that she used special methods not available to male arms dealers. That is, they charged that in addition to providing weapons, she provided women, too. Ever since then, the name of the Charoenloet Enterprises Company has been well known in Thai military circles. And she has constantly offered new goods to tempt the military.

Looking back to when Rasi first went into business, it's said that the first thing that those who want to sell arms must do is to get to know senior officials in the Bureau of the Budget. This is because this is the important source of budget funds used to buy things. Rasi got to know people there by sponsoring tours to Europe. Eventually, she formed a very good relationship with people there. Finally, the Navy was the "school" that "trained" her. Most recently, the Navy purchased four frigates from Red China at a cost of billions of baht. Some people have said that "Rasi has swept things clean in the Navy."

As for Rasi's involvement with the Air Force, one Air Force officer told KHAO PHISSET that she has been dealing with the Air Force for a long time. She has relied on her relations with people in the Army to help her. But she doesn't have anything to sell, because the agents don't have anything left for her. Also, the budget of the Air Force is planned eight years in advance. All that she will be able to sell are small items used in air defense. Altogether, the value of these items add up to billions of baht, too. "There is also the H-101 helicopter, which uses the latest helicopter technology. She is trying to sell this helicopter to the Air Force. This helicopter is built by Italy and England. But it has not yet passed all the tests. Each of these helicopters costs 240-250 million baht, not including parts or training costs."

"After Praphat retires, Rasi probably won't be able to survive," said a person who is close to arms dealers. But with respect to her dealings with the Air Force, this expert warned that people "should not underestimate this woman." This is because one of the qualities that has enabled her to survive up to now is that she is a "sport." And she is careful about what she says. Both points are very important for those who want to sell these types of goods.

But actually, even though agents for various types of goods may not have any goods left for Rasi, sometimes people with goods may not be able to sell them if they don't have good relations with senior people in the military. In such cases, Rasi can help them in a variety of ways. It can be said that today, Rasi is no longer an arms agent herself but rather a coordinator for other arms agents. That is because she "has access to senior people." But there have also been negative rumors about her. It's

said that those who know her well don't want to associate with her any more. That's because she acts as if she is the only one who works hard. As a result, she has taken most of the profits. Thus, there have been rumors that her "jet set" has disbanded. But she is still friends with such people as Amphon Kitibut, the person who introduced her to Louise. Thus, it's said that she still has a "back door." But the others have all gone their separate ways.

However, her reputation among those who play a role in deciding which weapons to buy has not been affected. The path ahead at Don Muang probably won't be beyond the capabilities of such a tenacious woman as Rasi Bualoet, this "Jack the giant-killer" who is trying to topple another giant. We will have to watch and see if she succeeds.

It was more than 10 years ago that Mr. Naowarat Phattanodom of the Commercial Associates Company gained a monopoly and became the "godfather" of those who dominate the field of the Ministry of Defense, which wields power over a broad field, including Supreme Command, the Army, the Navy, and the Air Force. And this also includes the Police Department. Recently, his name has frequently been mentioned as one of the people who has worked to benefit government units, particularly the military services. He has donated money, both openly and secretly, to build various places.

The person in whom this godfather has great confidence with respect to the future of his business is his grandson, Thirawat Phattanodom. Naowarat is playing the role of a senior person who is trying to show that he has retired from daily operations and will greet senior people only. An expert in the same field as Naowarat told KHAO PHISET that in arms trading circles, the golden age of an arms dealer lasts only three to five years. But this rule does not apply to a godfather like Naowarat. This is because the Commercial Associates Company is so strong that even if sales dropped sharply for several years, it would still be able to survive. In 1996, Naowarat will still be one of the leading names, which will make a total of about 15 years. That is a very long time. It should not be forgotten that in selling such goods, the important factor is having close relations. During this long period, the senior people in the military have changed about 10 times, but Naowarat has managed to stay at the top. This shows the great endurance of Naowarat.

It's said that one reason why Naowarat has been able to survive is that he deals in new types of goods not commonly found on the market. The reason is that he adds a high commission. This is why several of the items for which Commercial Associates acts as agent have come under heavy criticism. Such items include the Stingray tank, the AMX aircraft, and the Spata missile. It was General Wirot Saengsanit who implemented things. Recently, there has been criticism to the effect that "we were the first, only, and last customer." That refers to the fact that the quality of the items is not universally accepted. When additional orders are placed, it turns out

that the producer has stopped producing the item, and the new items that are purchased aren't compatible with the old ones.

"In the past, we purchased weapons item by item, because the commission was very tempting," said a former arms dealer to KHAO PHISET about the purchase of weapons by the military.

Honesty is an important quality of those involved in this business. But it has been said that an exception must be made in the case of Amnuai Kasemsap. On many occasions, instead of using his real name, people have called him the "Thai International Godfather." Some people have said that Amnuai is as powerful as Naowarat Phattanodom. Amnuai's main target is Thai International, such as air buses. He also deals in Exocet missiles. Just these two items have made him very rich. The items that he sells are different from those sold by Naowarat. These are very well-known items of good quality. In terms of the amount of goods sold, Amnuai can't compare with Naowarat. But in terms of the amount of money earned, they are about equal. Recently, there have been rumors about Amnuai. That is, people have charged that he is not "honest" in the matter of commissions. But this has not affected his position at all. This is because the reputation of his goods has earned him a fortune.

Sombun Makyathon, a former employee of the Locksly Arms Trading Company, had to leave the company and strike out on his own because of certain "suspicions." He has gained control of domestic aircraft. There are rumors that if a certain person lost his position, Sombun could forget his commission. The people who know the most about this are Montri Phongphanit, Siphum Suknet, and Air Chief Marshal Woranat Aphichari. Even Big Te is no exception. But from talking with officers in the Air Force, it seems that at the end of September, six used A-78 aircraft will be purchased from England at a cost of \$20 million. This was proposed by Sombun. The aircraft will be used by Thai international. However, the Air Force officer said that Sombun probably wouldn't dare treat Big Te the way he treats others.

The reputation of Prasoet Prasatthong-osot, the owner of the Bangkok Airways Company, suffered when one of his aircraft crashed on Koh Samui. The company had to cease operations. But with the help of Air Chief Marshal Kaset Rotchananin, it seems that anyone who wanted to sell items to the Air Force at that time had to go through Prasoet. The aircraft that were sold at that time have enabled Prasoet to survive up to today. He is still an arms dealer who focuses on the air force. [passage omitted]

ECONOMIC

Export Promotion Division Mandate, Organization
92SE0011A Bangkok KHAO PHISET in Thai
23-29 Sep 91 pp 34-38

[Excerpts] [passage omitted] Going on an export tour is one of the fondest wishes of exporters, because that has the

potential for generating great profits in the future. Besides this, officials from the Export Promotion Department go on each trip. This has generated great confidence among those going abroad. Because of this, people try to pull strings to have friends who are exporters selected to participate in the trade show program.

It's said that the Export Promotion Department will operate about 40-50 of these tours, with exporters from five to 30 companies asked to go each time. The exporters are responsible for paying their own expenses, which are rather high. But because of the business benefits to be gained, many exporters want to participate in this program. Using this fact, some people have taken this opportunity to profit from exporters who want to go on one of these tours. The exporters have to pay these people about 50-100,000 baht. If an exporter refuses to pay this, he will not have any chance of going on one of these trips.

It's worth noting that the state provides at least 50 million baht a year to support the export trade show program of the Export Promotion Department. This money is used for public relations activities and to pay the expenses of the officials who go on the trips. Each of these people spends a lot of money shopping. And they bring in goods without paying taxes and resell them. Thus, some people say that women who work as air hostesses are beginning to change their minds and apply for a job with the Export Promotion Department, because they will be able to travel and make money.

Some people save even more, because they have the exporters pay for everything. In particular, it's said that they collect at least 40-50 million baht a year from exporters who want to go on one of these trips. And there are no receipts for this money. The method used is actually very simple. They simply arrange things with the tour and cargo transportation companies. If there is an inspection, those involved simply claim that they don't know anything and that the matter concerns a private company. They say that the department just coordinated things. They divide the profits later on. [passage omitted]

A news source said that the government's policy of promoting exports is good. But unfortunately, the units responsible have used their powers to profit from exporters. In particular, when overseas trade fair tours are organized, they select only companies that are supporters of theirs or that pay bribes to them to go on the tour. If a company isn't in one of these two groups, the department will say that the tour is full. But if people really want to go, they can discuss the matter at the department in order to find a way.

If an exporter is really interested, those in charge will immediately begin making plans. Most agree to pay. There are now about 8,000 exporters on the list. But only about 40-50 companies have actually gone on one of these trips.

The Export Promotion Department is divided into eight divisions and two offices. It also includes 26 internal and external trade centers. The division that is most involved in arranging tours is the Trade Fair Division. The present director of this division is Mrs Wannawilai Phongsamat. This division is responsible for selecting exporters to go on the tours. It is also responsible for arranging trade fairs within the country. A news source in the Trade Fair Division told KHAO PHISET that people have long been taking bribes from exporters who want to go on a tour. This is well-known among exporters, just as it is among police, customs, port, and revenue department officials. There are never any documents and so it is difficult for the OCCC [Office of the Commission to Counter Corruption] or high-level units to investigate such matters. Also, exporters who have paid a bribe don't dare file a complaint, because they are afraid that they will be blacklisted, which means that their future in the export business will be very bleak.

"What troubles officials in the Export Promotion Department today is that some people are squeezing exporters in various ways. This is wrong. If you don't believe this, just go and ask exporters how they feel about the Export Promotion Department. I think the time has come for senior officials to take resolute action on this before this department becomes a twilight land for exporters."

He also said that one of the criteria used by the Export Promotion Department to select exporters to go on the tours is that they must already be in the export business. If someone has never exported anything, he won't be eligible to go. This means that new exporters don't have a chance to go. This gives officials a loophole that they can use to help their friends. This criterion should be revised. People should be questioned, or there should be a sequence so that all exporters have a chance to go instead of allowing just a few to make all the profits.

As for the trade fair show plan of the Export Promotion Division for fiscal year 1992, which begins 1 October 1991, a total of 35 shows are scheduled. Shows have been scheduled in Europe, the United States, and Asia. When asked about this, officials at the Export Promotion Department said that all of the tours are already filled.

Based on the Eighth Economic and Social Development Plans that the government will implement in January 1992, the main policy of the plan is to support the country's exports in every way possible. But as long as people in such government units as the Export Promotion Department take advantage of their position to profit from exporters as they are doing today, don't expect Thailand's exports to grow like those of civilized countries.

Chart Showing the Structure of the Export Promotion Department

Director-general: Mrs. Oranut Osathanon, tel: 5115066-77, extension 200, 5110775

Deputy director general for export promotion: Mr. Phonghian Phayakkhanithi, tel: 5115066-77, extension 203, 5136564

Trade Fair Division: Director: Mrs. Wannawilai Phongamat, tel: 511066-77 extension 291, 5131900

Export Services Division: Director: Mr. Kawi Ruairun, tel: 5115066-77, extension 258, 5131905

Promotion and Public Relations Division: Director: Mrs. Chanthara Bunnaruk, tel: 5115066-77, extension 330, 5131907

Permanent Trade Show Division: Director: Mrs. Phimpha Angwattanakun, tel: 5115066-77, extension 319

Foreign Market Development Division: Director: Mrs. Suphatra Sisuk, tel: 5115066-77, extension 314, 5137175

Overseas trade centers (total of 20 centers)

Provincial trade centers (total of six centers)

Deputy director-general for export development: Mr. Banphot Hongthong, tel: 5115066-77, extension 205, 5131908

Office of the Secretary, secretary: Mr. Somsak Raksasuk, tel: 5115066-77, extension 230, 5131906

Trade Data Division: Director: Mr. Songchai Saisawetwari, tel: 5115066-77, extension 341, 5124294

Planning Division, Director: Miss Orachit Singkhala-wanit, tel: 5115066-77, extension 510, 5131903

Export Training Division: Director: Mrs. Kanchana Prasong, tel: 5115066-77, extension 256, 5131904

Commercial Information Office: Director: Mr. Sichai Soithong, tel: 5115066-77, extension 375, 5131901

POLITICAL

Newspaper Interviews Former Minister Mai Chi Tho
922E0019A Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 25 Aug 91 p 8

[Article by Huy Duc]

[Text] We don't consider this to be an interview, because Mai Chi Tho, the former minister of interior and a former member of the Politburo, is very familiar to readers in the city. He was one of the top party leaders who left the Politburo following the seventh congress. And during the recent ninth session of the National Assembly, eighth term, he and other senior members of the Council of Ministers left their posts. After giving up his positions, what was the first thing that he thought about?

Office cadres still bring him many documents and directives. He reads these very diligently. I see a familiar picture of him each time I return to the city. He always has some document in his hands that he is reading carefully and correcting. During the three years that he served as minister of interior, the thing that people remember is that he took the lead in launching an all-people's movement to defend the security of the fatherland. He has followed and created models such as Lam Sac Tai and movements such as appealing to criminals to give themselves up. I asked:

"Are you still in good health, sir? Now that you have retired, do you feel relaxed?"

He smiled and said:

"As far as retirement is concerned, I feel very relaxed. I am 70 years old. As you get older, it's difficult to remain clear-sighted and not make mistakes. I think about what must be done. As long as the country still has difficulties, no one can be at ease. How can those of us who have served as leaders suddenly relax?"

"What you do you think about most these days?"

He put the documents on the table and said:

"I have spoken a lot about this. I am very concerned about corruption. It is essential to oppose corruption. But unless we do away with the mechanism, unless we do away with bureaucratic centralism and state subsidies, how can we fight corruption? Bureaucratic centralism has spawned corruption, opportunism, competition for position and power, and so on. This is terrible. But now that we realize this, we see the need to renovate."

"Competition for position and opportunism are even more terrible and more frightening than corruption, but these are not easy to see. Position and opportunism are the offspring of bureaucratic centralism."

When asked what plans he has now that he has returned to the city, former minister Mai Chi Tho said:

"I want to participate in social activities. Now that we are building a multi-faceted economy, the gap between

the rich and the poor will expand quickly. Thus, social and charitable activities are very important if we are to reduce the gap between the rich and the poor. Recently, I became very interested in the social activities of the Youth Union, the charitable fund of CONG AN THANH PHO HO CHI MINH, and the Scholarship for a Better Tomorrow program of TUOI TRE. Social activities do not stop with providing just a little material help. It is essential to train talented people for the future. This shows the richness, variety, and effects of these activities."

"The reason why social activities have never been carried on to the proper degree is not just that we are poor but also that morals have declined. Even though we are poor, we can still maintain our morals and share things."

"There is a song that says, 'friends suffer together....' In my view, this expresses the national spirit. The problem is, we must awaken this spirit. I am thinking about whether social activities can be developed into a charitable front and a social front."

Watching him talk about this, I could see his face radiating joy, and his eyes expressed contentment. Before leaving, I asked him:

"Now that you are retired, what will happen to the measures that you enjoyed?"

He smiled and said:

"I don't know."

"But if we look at what happened after previous terms?"

"After previous terms, no one had retired from the Politburo."

I asked:

"Of all the things that you have been involved in, what do you consider to be the most valuable?"

His face became pensive. He put his hand on my shoulder and, instead of answering my question, he said:

"In the city, I and my wife frequently walk to the market. Along the sidewalk, many people recognize me and bow in greeting. At the market, when I purchase something, sometimes the people don't want to accept any money. Even though that is just a small gesture, it is very precious to me. I have been involved in the revolution my entire life. Now, at the end of my life, what worries me the most is that no one will greet me when I take a walk."

Socialism Is Our Choice

922E0008A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 8 Aug 91 p 2

[Article by Quang Vu: "From the Documents of the Seventh Party Congress: The Path We Have Chosen Is the Only One That Is Correct"]

[Text] Since the advent of the all-round, far-reaching crisis in many socialist countries, socialism has faced unprecedentedly severe criticisms from several directions. In our country, numerous party cadres and members as well as other brothers and sisters outside the party have reflected on this matter with anxiety. A number of people have wanted to negate the socialist path, but essentially what they wanted was to take our country onto the path of capitalist development.

Once again, our party has reaffirmed its resolve to persist in the socialist path. It has done this by renovating its thinking, by studying once again the major theses of Marxism-Leninism with a creative spirit, by learning from the successful experiences and mistakes in the practice of socialist construction in our country and the fraternal countries, by dissecting the changes and acute, unsolvable contradictions within capitalism, by analyzing the new conditions of the international situation, and by basing itself on the confidence and wishes expressed by the overwhelming majority of our cadres and people in the drive to make suggestions to the draft documents of the seventh party congress.

That firm resolve of our party's seventh congress has frustrated all attempts to change the course of the ship of Vietnamese revolution.

That resolve was by no means conservative and dogmatic in its nature.

That resolve of the seventh party congress was clear-sighted, timely, and based on scientific premises.

First, the laws of historical materialism discovered by Marx still retain their full values. As a definite socioeconomic form in history, capitalism came into being, has developed, and will ultimately have to be replaced by a higher socioeconomic form. It can neither exist forever nor last eternally. The development of capitalism has created the premises for the appearance of a new socioeconomic form, and in reality this form has come into being and developed since the October 1917 Revolution. Although that socialist revolution did not break out in the developed capitalist countries, that fact cannot detract from its symbolic significance and universality in the future. History has witnessed the births of new socioeconomic forms in the marginal regions of the world, while the old forms continued to exist in the central regions; but later on, as the old forms gradually declined, the new ones moved step by step toward the center and achieved total victory (such as the replacement of the Roman slave-owning system by the feudal system in Europe).

The current crisis of the socialist countries is not a symptom showing that Marxism-Leninism is wrong, that socialism is only an illusion, not the certain future of mankind. That crisis is the consequence of building socialism on a model that was subjective, voluntaristic, dogmatic, and that deviated in many ways from the Marxist-Leninist concepts. There have been mistakes caused by erroneous concepts of the model of socialism, such as the belittlement of the factor of man, who is both the objective and the moving force of revolution; or the consideration of the system of public ownership of the means of production as an absolute requirement and the only acceptable form of state ownership, and so forth.... There have been errors that stemmed from impatience, from the desire to cut corners, and the hasty application of the laws and formulas worked out by Marx for the postcapitalist stage to the countries still at the level of precapitalist development or at the initial stage of capitalism. Some examples of this were the hasty and immediate abolition of the commodity economy and the law of value; the show of impatience in carrying out the transformation of production relations; the premature abolition of the noncollective and nongovernmental economic sectors; the belittlement of the personal interests of workers, thus causing the loss of an important moving force that stimulates the development of production; the management of the economy in accordance with the administrative, bureaucratic centralist, and subsidy-based mechanism, thus greatly hindering the expeditious and timely application of scientific and technical advances to production, and so forth....

The important thing that should be said here is that the present crisis in the socialist countries does not originate from the nature of socialism, but from the subjective mistakes of the communist parties. If mistakes and shortcomings are clearly perceived and resolutely corrected, socialism will certainly be built successfully.

Second, it is true that from a small-scale production system one can advance to socialism as well as capitalism. Some countries in Southeast Asia have taken the capitalist road and have become newly industrialized countries. However, realities in these countries and even in the East European countries have shown that the path of capitalist development certainly cannot guarantee real national independence and real freedom and happiness for the overwhelming majority of the people. Moreover, our people, under the party leadership, have shaken off the colonialist and imperialist yoke of slavery and have won back political power at an immeasurable cost of sweat and blood. Thus, there is no reason why we should put this power into the hands of those forces that will lead our country back onto the capitalist road, a road our people have rejected since 1930.

Third, when we say that we persist in the socialist path, this does not mean that we will be conservative and will commit once again the mistakes made in the past. We will follow the socialist path with a new thinking, a new model, and new, dynamic measures that will be constantly examined, supplemented, and developed. We will

build socialism with Marxism-Leninism (which will be correctly applied in conformity with situation in our country) and Ho Chi Minh's thought as the lodestar to guide our actions.

For the reasons stated above, to persist in the socialist path is the only choice that is correct.

Separating Leadership, Management Functions

922E0026A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 25 Sep 91 pp 1, 5

[Article by Ho Thanh Khoi: "Moving Toward Municipal Party Organization Congress, Round 2—Clearly Dividing Functions, Unifying Action in a Common Task"]

[Text] In the renovation of party leadership, the key issue is to clearly define functions and to assert the relationships between the party organization and the management machinery. This has been asserted in principle by the seventh party congress resolution, but when the latter is applied to reality, many localities are being confused. As we move toward round 2 congresses at the basic level, the need that must be satisfied is that right in their political reports, basic-level units must clearly define the leadership task of the party and the management task of the state in their localities and therefrom can effectively apply the resolution to reality. First of all, we must be able to affirm the task of the basic level. This "ensures a serious implementation of party resolutions and state laws." This is also a common task that any basic-level unit, any organization, and any component must carry out to ensure their existence and development.

The fact that for a long time we did not clearly define the leadership and management functions to show their difference, nor assert the position and role of each and every organization, has led to a situation in which party bases and organizations trample upon and do all the work of the management machinery, or abandon their leadership role, stand aloof from the principle of democratic centralism, and lose their internal unity. The party cannot uphold its leadership role; the effectiveness of state management declines; and the people cannot develop their ownership rights. Therefore, to clearly divide the leadership and management functions helps to avoid being confused and trampling upon one another, and first of all serves to ensure unity in regard to our goals and tasks, to ensure the principle of democratic centralism, and to ensure solidarity and unanimity among organizations, among people, and more practically in favor of the tasks of each organization. To divide them is aimed at unifying rather than moving toward opposition and disunity. Unity must be considered the nature and principle, while the difference of the functions has to do with measures and work.

At the round 2 congresses, in their political reports, basic-level units should be able to show this need and therefrom to determine functions. In accordance with the experience of a number of units, unanimity is clearly

shown in two reports presented at a congress: one made by the CPV [Communist Party of Vietnam] Committee and the other by the head of the unit or the director of the management machinery. Both reports are made public before the congress meets or during the congress, with efforts being made to get a common opinion of the unit as a whole. Production and business units mainly get this common opinion by relying on skilled workers, outstanding managers and businessmen, talented specialists, and science-technology cadres as a group. Villages and subwards primarily get the opinion from experienced cadres, retirees, and the elite masses. Administrative and professional units get it from experts and outstanding specialists, managers, and so on.

Whether a basic-level unit presents to the congress one or two reports depends on its actual conditions, but in principle there must be a high degree of unanimity between party committee echelons and management organizations regarding positions and tasks so as to solicit the masses' opinion and at the same time to combine the mind of all unit members.

Some people think that with its leadership role, the party should only point out the common set direction in a political report and that to do otherwise means to trample upon the state machinery and to interfere in its specialized fields and management role. About this point, we must understand that party resolutions at the basic level must be very positive because a resolution to be carried out is different from a party resolution at a higher level bearing the character of a program and a strategic line. At the basic level, party resolutions are the positions and tasks based on the line set in higher-level resolutions and state laws, and particularly on the characteristics of the situation at the basic level, and are positive and designed to be carried out. If this is the case of production and business units, their tasks are to operate effectively and to ensure improved living standard for their workers. If they are administrative and professional units, they must ensure attaining the goals of their specialized and professional plans. If they are villages and subwards, they must ensure good state administrative management and effective implementation of socioeconomic, security and order, and other policies. All must be correctly implemented in accordance with the party resolutions and state laws. The positions and tasks of the basic level have to do with all of its activities led by the party. The management machinery and directors and heads of units constitute a component that makes an important contribution to setting positions and tasks. Directors and heads of units make decisions about operations and management and are responsible to the state. The party does not do things for them but has the responsibility for helping them to fully develop and uphold their role and for improving their own efficiency and that of the management machinery.

The positions and tasks of the basic level do not come from the party organization or directors but result from

the mind of entire units under party leadership. Thus party resolutions really are part of the everyday life and become everybody's resolutions. Each and every person has his own role and responsibility. The question is how to make him thoroughly understand these resolutions, consider them his own resolutions and ones to be carried out for him and because of him, and really enjoy his ownership rights in order to properly carry out party resolutions.

To divide functions really serves to unify action in a common task.

Party Renovation in Ho Chi Minh City Reviewed

922E0024A Hanoi NHAN DAN in Vietnamese
20 Sep 91 p 3

[Article by Le Huyen Thong: "How Has Ho Chi Minh City Renovated and Rectified the Party?"]

[Text] The standing committee of the municipal party committee and the executive committee of the party organization of Ho Chi Minh City recently set aside much time to review and learn lessons from the task of rectifying the party and purifying, and increasing the combativeness of, the ranks of party members during five years of renovation.

As regards Ho Chi Minh City, the past five years have been an important turning point in changing over from an administrative-subsidy mechanism to a market mechanism. The municipal party organization has led the development of a multicomponent commodity economy and has begun to bring out the potential and creativity of the people in order to develop production and services and create additional employment and output for society. Those accomplishments have been due above all to the results in renovating thought, especially economic thought, and in raising the level of intelligence and combativeness of the party members. From the actual situation, the municipal party organization has increasingly realized that the party building task is the central concern of the renovation undertaking.

Why must we make timely assessments and correctly forecast the situation?

The city's initial experience was that in difficult times, especially during the pivotal periods, in carrying out the political-ideological task it is necessary to promptly determine the problems of a principle-like nature of the renovation undertaking, promptly counterattack the opposition arguments and, above all, create all conditions for ensuring political stability in order to implement renovation effectively. Therefore, in addition to expanding multidirectional, focused information, the city has concentrated on economic renovation accompanied by developing democracy in the right direction, with steps that are appropriate to the specific local situation. The municipal party committee, especially its standing committee, wisely led the good resolution of some problems of a political nature, including rather complicated court trials which could easily have had a

great effect on public opinion, so that the enemy and bad people could not exploit and take advantage of them.

The actual situation during the past five years has further affirmed that the renovation and rectification of the party require that in the ideological work we promptly assess, correctly forecast, and resolve the new problems that arise. Therefore, with regard to all stands and policies that are adopted, even the most correct ones, it is unavoidable that in the implementation process, in addition to the mainly positive aspects new problems will arise, including negative consequences. Therefore, it is necessary to avoid simplistic, subjective, imposed thinking and only accepting one-sided information. The important thing is to be concerned with forecasting the situation in order to take the initiative in preventing a confused, panicky attitude when new problems appear and new complicated situations arise. Many people realize that in recent years the city's leadership of the ideological task has been relatively timely and resolute with regard to the essential problems of socialism. The process of renovating the contents and modes of the teaching of political theory has contributed to renovating thought, orienting ideology, opposing incorrect viewpoints, and defending the correct viewpoints of the party. The municipal party committee has paid attention to expanding information, including propaganda about the new factors and the struggle against negative phenomena.

If in the political sphere the ideological leadership of the municipal party committee manifested solid skill, in economic activity that work is passive and has not fully taken into account the negative consequences of the market mechanism.

Especially, since the expansion of activities by the economic components a considerable number of cadres and party members have neglected the application of class viewpoints in economic and social activities. Many echelons have allowed the relaxation of state management, which has created conditions for individuals to take advantage of the state economy, engage in dishonest business practices, evade taxes, and corrupt cadres. They often over-emphasize the dynamism of the non-state economic components and do not fully realize the spontaneous, deceptive schemes of some people. Because leadership has not been concerned with forecasting the situation, it has not taken the initiative in guarding against and promptly stopping the chaos in the market economy and the break-down of many credit and capital-mobilization activities.

What requirements have been set?

Fully understanding the resolution of the seventh party congress, the municipal party committee is united in continuing to renovate and rectify the party in accordance with the thought of Ho Chi Minh, and regard that as "the strategy of strategies." In reviewing the past five years, many party committee echelons, especially the

base-level echelon, have not yet grasped the requirements of renovating and rectifying the party. At first, many cadres at the district level and the party committee echelons above the basic level usually only emphasize prosecuting and disciplining party members, and regard that as the only requirement in order to improve the quality of party members. From actual experience, the most important matter is correctly assessing the situation. The municipal party organization has nearly 80,000 party members, 15,000 of whom have been admitted during the past four years. According to the results of an initial survey by the municipal party committee, about 35 to 40 percent of the party members in the municipal party organization apply themselves. They are comrades who are stable politically, have steadfast standpoints, are loyal to the revolution, have pure qualities, lead wholesome lives, and have the confidence of the people. They work energetically, endeavor to study, improve their ability and intellect, rapidly adapt to the market economy environment, and fulfill well the tasks assigned them.

About 50 percent of the comrades, although qualified to be party members, still have deficiencies, manifested in their consciousness of organization and discipline, low intellectual level, and reluctance toward self-criticism and criticism. Their leadership role is vague and the masses have little confidence in them.

Many people agree with the municipal party committee that the above level of quality evaluation may not be truly accurate. But the ratio of approximately 10 percent of the party members who are seriously degenerate reflects relatively accurately the actual situation at present. They must be expelled from the party by means of appropriate measures.

Actually, strictly but firmly disciplining party members is not easy. But a much more difficult problem, one that must receive greater attention, is how to improve the intellectual ability and moral quality of party members, so that they can be equal to their tasks, and thereby strengthen relations between party members and the people.

During the past four years the municipal party organization has disciplined nearly 5,000 party members, nearly 2,000 of whom were expelled from the party. After many criticism and self-criticism educational campaigns, especially the campaign to implement Resolution 11 of the municipal party committee in more than 400 basic-level Party organizations, the ratio of people who had to be expelled from the Party was very small (1.25 percent). The reason for that situation was that determination to purify the ranks of party members by many party committee echelons is not yet strong. The implementation of criticism and self-criticism in the party is still characterized by favoritism, an easy-going attitude, and fear of the being the subject of recrimination by the leadership, especially in places which are reorganizing and reducing staff. Even in some basic units in which many party members have been disciplined deficiencies

have continued because the party chapters have not been strengthened. Therefore, the requirement that is posed with regard to rectifying the party is to implement all measures. But that process must, above all, contribute to strengthening solidarity, internal unity, and renovation and to strengthening the party's leadership in accordance with democratization in all spheres of social life. At the same time, it is also a process of increasing the intellectual ability, correctly determining the political tasks, of the party organizations, and causing party members to have close ties with the people. That requires the party committee echelons to pay more attention to the party development task, especially preparing and admitting into the party outstanding workers and intellectuals who have been forged in the course of actual life.

Why the limitations?

The party rectification task in the city still has many limitations because the process of improving the quality of party members has not been accompanied by the renovation of the political system at the basic level. While changing over to a market economy the party building task has not been tied in with renovating the economic-social management mechanism, the reform of the state apparatus, and the renovation of the mass work. The experience of the purification of the party organization is that it must be tied in with purifying the state apparatus at all levels, especially opposition to bureaucratism and corruption. Many people have recommended that the city deal sternly with the instances of corrupted that have been uncovered and investigated. Continued instances of law violations, especially some corruption cases involving cadres with positions and authority, in which the right people have not been prosecuted for the right crimes, in accordance with law, are one of the factors that have weakened the confidence of the masses in the party.

The process of party rectification in the city increasingly requires the renovation of the contents and mode of the party's leadership of the political system, especially with regard to the state. Many districts have recommended that the central echelon promptly codify into law the party's leadership role with regard to the state, in order to create conditions for the governmental administrations at all echelons to manage all aspects of social life. At present more attention must be paid to consolidating the basic party organizations, especially strengthening the party chapters and renovating the cadre work.

The municipal party organization has 2,298 basic party units. In general, the party units in the subwards and villages are relatively stable. A notable deficiency there is that they have not carried out the mass proselyting work well. The activities of many mass organizations in the villages and subwards, especially the Ho Chi Minh Communist Youth Union, have declined seriously. A matter of concern is that since Decision 217 the leadership role of many party organizations in the enterprises and corporations has been obscured and is ineffective. A considerable number of party committee secretaries

"live off" the directors. Many party organizations in the economic and administrative units operate haphazardly and do not have a direction because their functions and responsibilities are unclear.

The municipal party committee recommends that the central echelon promptly concretize, in the form of a mechanism, the functions and responsibilities, depending on the type of unit, especially in the production and commercial sectors, including units owned by foreigners and joint ventures with foreign countries.

MILITARY

General Discusses National Defense Strategy

922E0016B Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Sep 91 pp 39-43

[Article by Senior General Professor Hoang Minh Thao]

[Text] Amidst the complex changes taking place today in the world and the various regions, particularly since the events in Eastern Europe and the Gulf region, many countries are revising their national security and national defense strategies. In Vietnam, since 1975 the party has promulgated various resolutions defining the national defense and military tasks and has revised our strategy many times in accord with the changes and developments of the revolutionary tasks and the development tendencies of the age.

In the country's new situation, along with giving priority to the task of building the country and building socialism, we have focused on defending the fatherland, with the target being to have a prosperous people and strong country. This reflects objective requirements and the law of survival and development of our nation. With a clear understanding of history and the actual situation, predicting the future, and acting in accord with the laws and practices of development of our country and in accord with the Program on Building the Country During the Period of Transition to Socialism and the Economic and Social Development Strategy, our country must soon implement a national defense strategy that is suited to the new situation. This is an urgent requirement. In this article, I would like to make a number of initial observations.

In the past, because we had to fight a war of liberation and defend the fatherland for many years, we frequently tied a number of the elements of building and developing national defense to the sphere of military strategy (or strategy of war). That included a system of scientific knowledge concerning war and practical activities to prepare the country and Armed Forces and ready every potential to formulate plans to defend the country, preserve peace, and wage war.

In recent years, along with the expansion of the task of defending the country in peacetime conditions, the concept of a "national defense strategy" has gradually been

formed and officially mentioned in the resolutions of the party and the laws of the state. Today, there are still a number of different views about our national defense strategy. Thus, it is essential to clarify the concepts and contents of the national defense strategy.

In my view, the national defense strategy refers to a system of scientific knowledge concerning the laws and nature of the task of defending the fatherland. It is a practical activity sphere—fixing targets, setting guidelines, determining national defense tasks, determining solutions and steps, and formulating plans and measures to hit the targets in each specific historical stage.

Our national defense strategy starts from the political line (revolutionary line) and military line (military theory) of the party. It is closely related to the socioeconomic, political, diplomatic, and security strategies in building socialism and defending the fatherland. The basic contents of the national defense strategy in the new stage has been stated in the Program to Build the Country in the Period of Transition to Socialism.

As it relates to the military strategy, the national defense strategy plays a guiding role. This is because the national defense strategy is the strategy that generates potential and integrated strength to defend the country based on the activities of society: political-spiritual, economic-social, scientific and technical, and military.

Some people think that the national defense strategy is a strategy to defend the fatherland. But that is incorrect. In my view, defending the fatherland is not just a problem of national defense (the military sphere). Rather, this involves coordinating the military, political, economic, and diplomatic spheres in order to prevent war, maintain stability, develop the country in peacetime, and be ready to defeat a war of aggression.

In a situation in which there are many conflicts that must be resolved in formulating a national defense strategy, the important problem is to find solutions and suitable steps in order to resolve the conflicts between the requirements and actual capabilities of the country with a positive spirit in order to hit the targets set.

With this way of looking at the problems, the national defense strategy in our country's new revolutionary stage includes the following basic problems:

1. Evaluating the Situation

In order to have a basis for formulating a correct national defense strategy, the international and regional situation must be evaluated correctly. Predictions must be made concerning the development of the international situation; the country's actual situation and the difficulties, advantages, and national defense capabilities must be studied; the new military and national defense developments made by other countries in the world must be studied; and targets and allies must be predicted. Based on this, targets and viewpoints must be

determined, and a national defense development path and suitable steps and solutions must be selected.

2. Setting the Targets of the National Defense Strategy

In the targets, the basic norms that must be fulfilled must be determined. For example, during the resistance against America for national salvation, the party set a general target in the revolutionary strategy. That target was to defend the north, liberate the south, and reunify the fatherland (in this, there was a predicted time frame for hitting the targets). In this, the goal was to "force the Americans to withdraw and topple the puppets." Today, along with working to hit the targets of the economic and social development strategy, the target of our national defense strategy to the year 2000 should be to preserve peace, maintain political stability, and develop the country economically and socially as a basis for building a national defense (potential) strong enough to stop and defeat the destructive and aggressive plots and stratagems of the enemy regardless of the form, method, or scale. The most positive target is to maintain peace, stabilize the country, and create favorable conditions for developing the economy and gradually stabilizing and improving the lives of the people.

3. Select a National Defense Development Path and Determine the Key Points, Sequence, and Means of Implementation

Every country has different conditions and traditions and so they will select different national defense strategies. Vietnam has experienced many years of war; therefore, our economy and society have developed slowly, and potential strengths have not been exploited. But we still hold a very important strategic position in this region, and we have much experience in war and ranks of experienced and talented officers and soldiers. The shortcomings and weaknesses in guiding the national defense strategy in past years have taught us valuable lessons in selecting targets and choosing a path for formulating a national defense strategy for the 1990s. This is a strategy of building and expanding our national defense strength (potential) during peacetime based on maintaining political stability and developing the economy and society and science and technology in such a way that each development step taken by the country accumulates national defense potential.

An important problem in the national defense strategy is to clearly determine the key points and sequence of things and to study and organize the implementation of the contents: implementing the military strategy, building people's armed forces and the people's army, mobilizing men and materials for the Army and war (if war should break out), making plans to switch the country from peacetime to wartime, developing national defense science and technology, expanding the national defense and arms industries, building ranks of military cadres and men, [gathering] military intelligence, building defense works, arranging the rear area, building an infrastructure, providing battlefield equipment,

building a national defense leadership and control mechanism, and so on. The above are strategic elements requiring solutions and measures. As for solutions, attention must be given to immediate solutions, solutions to the year 1995, and basic long-term solutions to the year 2000 or beyond.

In formulating a national defense strategy, the following basic concepts must be understood thoroughly:

Building the country and building socialism must be tied closely to defending the fatherland. This must also be tied to the following requirement: "Although the leading task is to build the country, the people must always increase their vigilance, solidify national defense, maintain political security and social order, and defend the fatherland and the fruits of the revolution."

The concept of the integrated strength of all-people's national defense: Building the strength of all-people's national defense must be carried on based on the country's unified general plan, in which the task of building national defense is closely tied to the task of building the political, economic, social, scientific and technical, ideological, and cultural spheres.

An all-people's national defense must be built. People's armed forces having three services, a rational number of forces, and high political and spiritual quality and high military capabilities must be built. Great combat strength must be created, and complete preparations must be made to carry on a people's war to defend the fatherland (if we are forced to fight a war).

The concept of independence and self-reliance in building and defending our socialist fatherland: Present Ho's idea that "only if we are self-reliant can we be independent and free" must be understood thoroughly in order to manifest a spirit of independence and self-reliance, keep from having to rely on others, fully exploit the advantages and strengths of our country, and, at the same time, strive for and make effective use of the favorable international conditions.

The concept of inheriting and developing the traditional characteristics of our forefathers, the valuable experiences of our party and people in carrying on a revolutionary struggle, waging a war for national liberation, building and defending the fatherland during the past 16 years, and selectively studying the lessons of other countries in the world.

When studying and formulating a national development strategy, the following requirements, which have the nature of a principle, must be adhered to:

The targets, lines, and solutions of the national strategy must manifest and exploit the integrated strength of the factors generating the strength to defend the fatherland. To do this, the conflicts must be found and solved so that national defense construction proceeds well in accord with the development requirements in the country's actual situation.

The national defense strategy must ensure that the development of the predicted targets is evaluated correctly. The strategy must be in accord with today's trends and inherit the traditional military art of "using the small to defeat the large, using few to destroy many," and it must be in accord with the development of the country's economy and science and technology.

Great accuracy must be maintained in analyzing and forecasting the situation. Studying the national defense strategy is actually a process of studying forecasts and selecting possible capabilities in order to determine a mode of action. The national defense strategy affects many other sectors, and besides predicting our own capabilities, it also predicts the capabilities of the targets and allied countries. To forecast things correctly, the law of movement of things, phenomena, and events must be understood. This is very difficult, because besides the essential things, there will be many unexpected factors that cannot be foreseen in advance. For this reason, many plans must be formulated so that choices are available.

We must always adhere to reality. Theory and practice must be linked closely when formulating and perfecting the national defense strategy. In national defense strategies, there are usually conflicts between the targets and the actual capabilities. Thus, the important problem is to correctly evaluate the actual situation with respect to our country's national defense after many years of war and see the capabilities that actually exist in order to formulate the best plan so that with our limited resources, we can hit the targets set.

There must be suitable methods and measures in order to manifest the intelligence and capabilities of the scientific sectors and ministries and have them participate in studying themes that belong to their function and that are related to the national defense strategy. We cannot, because of the secrecy requirement, close the door and carry on research activities only within the Ministry of Defense. Of course, secrecy must be maintained with respect to the themes that are related to national and military secrets. In order to formulate a complete national defense strategy, the following problems must be solved:

1. Formulating a national defense strategy is a collective scientific project that must be carried on under the direct leadership and guidance of the top leadership organizations. As for specific organizations, the Central Military Party Committee and the Ministry of National Defense can serve as the coordinating centers and directors. State and military organizations must be mobilized to participate. The national defense strategy is part of the national strategy and not a separate entity of the Ministry of National Defense. If the entire system of state organizations does not participate in studying things, the national defense strategy will not be complete or unified.

2. Marxist-Leninist theory on war and the military and the military ideas of President Ho Chi Minh must be

used as the theoretical and methodological basis. The Program for Building the Country During the Period of Transition to Socialism, which was adopted by the Seventh CPV [Communist Party of Vietnam] Congress, must be used as the basis for guiding the contents. The use of various research methods must be coordinated well. This includes specialists, seminars, consultants, computers, qualitative and quantitative analysis, and collective democratic decisions.

3. Funds, means, and materials must be provided to the organizations and elements engaged in research activities, and they must be permitted to expand the scope of the research and cooperate with other countries.

ECONOMIC

Article on Economic Cooperation With South Korea
922E0025A *Ho Chi Minh City THOI BAO KINH TE*
SAIGON in Vietnamese 12-18 Sep 91 p 11

[Article by Van Thang: "Vietnam-South Korea Economic Cooperation"]

[Text] South Korea is a country with rather extensive economic relations with Vietnam, especially in the commercial sphere. In the sphere of investment cooperation, due to the influence of the U.S. trade embargo the South Koreans have had to wait. But they have not for that reason failed to take steps to grasp possible opportunities. A THOI BAO KINH TE SAIGON reporter interviewed Mr. Myung-Kyu Chung, director of KOTRA (South Korean Trade Development Group) in Ho Chi Minh City about that relationship.

[Reporter] Please tell us about economic cooperation between Vietnam and South Korea in the present phase.

[Mr. Chung] Of the seven leading corporations in South Korea—Samsung, Hyundai, Lucky Goldstar, Daewoom SSangyoung Hyosung, and Ssangryung—six have obtained permission from the State Commission on Cooperation and Investment to open representative offices in Vietnam. The Ssangryung group is the process of obtaining permission to open a representative office here. In addition, about 17 medium and small corporations have representative offices in Vietnam. In general, therefore, we have been especially concerned with the Vietnamese market.

More specifically, in 1990 there were significant commercial exchanges between the two countries. The index of South Korean exports to Vietnam was 100 million USD and imports from Vietnam amounted to 50 million USD. There are even greater prospects for commercial exchanges between the two countries this year.

[Reporter] Is there anything noteworthy in the investment sphere?

[Mr. Chung] Everything is in the prepare and wait phase. Our large corporations have drawn up prototype joint

venture projects on all scales in many spheres, so that when possible to do so they can immediately step up investment and set up joint venture enterprises with Vietnam. However, Vietnam has already granted eight joint venture permits.

But in that sphere we are truly worried because our main competitor, Japan, is moving much more rapidly than we are. Their requests for joint ventures lay ready in the drawers, so that once the trade embargo is lifted they can begin immediately to form joint ventures with Vietnam. They have an advantage over us because they have diplomatic relations with Vietnam and we do not.

[Reporter] In present and future economic cooperation relations, with which spheres will South Korea be most concerned?

In the present phase, economic relations are revolving around the sphere of commercial exchanges. We import from Vietnam fishing, forestry, and agricultural products, and various kinds of minerals. We export to Vietnam the various kinds of electronic goods, consumer goods, machinery, equipment, etc. Furthermore, we also have the cooperative contracting form to produce products for reexport. The principal type of contracted goods is ready-made clothing.

For the future, we are studying setting up factories in Vietnam and using local materials and labor. For example, the Samsung electronics corporation is studying the setting up of factories to manufacture TVs and other electronic goods.

The sectors with which we are most concerned and in which we may set up factories and joint ventures immediately after the United States lifts the economic embargo are automobile production, infrastructure improvement, hotel and office building construction, cement and fertilizer production, and the development of mining, agricultural, forestry, and marine products. In addition, we are very concerned with investing in improving Vietnam's telecommunications network.

In general, in our view Vietnam, with a population of more than 60 million, is an attractive market.

Phan Van Khai on Trade, Banking Activities

922E0005A Ho Chi Minh City TUOI TRE
in Vietnamese 27 Aug 91 pp 1, 3

[Report by unidentified TUOI TRE special correspondent]

[Text] Comrade Phan Van Khai, standing vice chairman of the Council of Ministers:

Giving prolonged, unlimited subsidies and preferential treatment to the state-operated sector is a disaster for the country.

Bank Credit Must Be Expanded to All Economic Sectors

As already reported by TUOI TRE on 15 and 22 August 1991, in a meeting held in Hanoi on 14 August 1991 to exchange views on the implementation of the two regulations on banking, Comrade Phan Van Khai, member of the Political Bureau and standing vice chairman of the Council of Ministers, brought up a number of remaining problems related to the state-operated sector and banks that have affected the implementation of the two regulations on banking.

Remaining Problems Related to the State-Operated Sector

The most prominent remaining problem is the phenomenon of serious losses of capital and property in the state-operated sector. In the immediate future, it is anticipated that billions of dong would be lost because of the dissolution of some state-operated enterprises running at a loss.

Another remaining problem is that prolonged state subsidies and preferential treatment given to the state-operated sector have not yet been abolished in disregard for the very harmful consequences they may cause to the country. For example: While the unofficial rate of exchange is 9,600 Vietnamese dong for one U.S. dollar, the rate used in capital allocation to economic units is only 3,900-4,000 Vietnamese dong for one U.S. dollar.

Also concerning the foreign currency problem, while the state needs about 1.8 billion U.S. dollars for its business transactions, in reality it can control only about 200 U.S. dollars (mainly derived from the gas and oil source). The bulk of foreign currency coming from other sources (exports, remittances by overseas Vietnamese, and so forth) is in the hands of enterprises.

The rate of interest applied to bank loans to the state-operated sector is a "negative" rate, that is, the banks "borrow" money from savings depositors at the rate of 4 percent per month then lend it to the state-operated sector at the rate of 2.4 percent per month. The "loss compensation" that has to be paid to the banks amounts to 400-500 billion dong annually. Although they could obtain bank loans at such a "negative" rate of interest, some enterprises have still been unable to pay their debts.

Obviously, giving prolonged and unlimited subsidies and preferential treatment to the state-operated sector will only "ruin" the state, and that would be a disaster for the country.

To resolve these remaining problems, the comrade vice chairman of the Council of Ministers made a number of suggestions as follows:

A. The state-operated sector must be rearranged so that it may do business with efficiency.

B. Capital must be allocated to the state-operated sector, and sufficient capital must be provided—at least 50 percent of the needed capital—for this sector to do business.

C. The rate of interest applied to bank loans to the state-operated sector must be “positive,” not “negative.” If necessary, loss compensation should be paid to trade articles.

D. If “preferential treatment” should be given to some state-run enterprises, the cost of such treatment should be borne by the financial service.

Remaining Problems Related to the Banks

The comrade vice chairman of the Council of Ministers said that because he had not directly followed the banking problem in the past, that day he could only listen to and take notes of what was said at the conference. However, he could still see that the banks should satisfactorily implement the contents of the two regulations on banking. The comrade vice chairman of the Council of Ministers brought the following points to the attention of the banks:

A. Bank credit must be expanded to all economic sectors.

B. Credit interest rates must be “positive,” not “negative.”

C. Regarding the exchange rates, the Council of Ministers has authorized the banks to take the initiative in fixing them. Moreover, a number of experts advocated the centralized management of foreign currency. But in his view, the comrade vice chairman thought that it should be placed under unified management.

D. Concerning the right of the state bank to take the initiative in issuing banknotes as stipulated in the regulations on banking, the comrade vice chairman was of the opinion that further consultation with the Political Bureau was needed because giving the state bank governor full power in issuing banknotes may make many people feel uneasy as it may affect the party and state leadership.

In short, the banking sector should pay attention to correctly implementing the resolution of the seventh party congress where it concerns them.

Cross Border Trade Activities Described

922E0005B Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Aug 91 p 3

[Articly by H.T.D.: “A Correspondent of Chinese Weekly LIAU WANG Writes About What He Has Learned About the Situation of Trade at the Sino-Vietnamese Border”]

[Text] ... Over one hundred boats ply to and fro like shuttles on the Peilun River, fully loaded with merchandise and people. All the main streets and boat landings along the river bank of Dong Hung Township are open

for business, and the streets are swamped with Vietnamese who have crossed the river for trade. To attract Chinese to its side, Vietnam has opened a trading point right on the Ky Lua Bridge. All the clusters of octagonal pavilions built recently on an area of no less than 1,000 square meters have become marketplaces. Inside the pavilions, goods-selling counters stand closely side by side. In the open spaces outside, there is a large number of ambulant vendors offering food, drinks, breakfast, and counters selling sundry goods, meat, fish.... Booth owners talk nonstop to attract customers. This spectacle of prosperity came into being in early 1989. In a very regular fashion, each month more than 10,000 Vietnamese cross over to China and more than 1,000 Chinese enter Vietnam for trade exchanges.

Nong Dieu Market at the foot of Kim Ke Mountain must be mentioned as the busiest trading point. Formerly called Huu Phu Son, Kim Ke Mountain is located to the right of The Friendship Gate. Nong Dieu Market is situated on the bank of a stream to the right of the foot of the mountain. Despite the fact that on the mountain slope there remains signs bearing warnings in whitewash such as, “Beware of Mines!”, “Attention! This Area Is Mined!”, people on both sides of the border still cross over in large numbers. In the market area, booths and shops stand side by side, as close to one another as the scales of a fish or the teeth of a comb. On the Chinese side of the border, automobiles, trucks, and tractors operate fender to fender to bring in goods, their horns honking deafeningly. On the Vietnamese side, group after group of highlanders flock in with goods on their arms, on their shoulders, in their hands, and on their backs....

On sale in the markets at the Sino-Vietnamese border are not only ordinary sundry goods for daily use such as hardware, fabrics, textile products, and cosmetics, but also small-sized machines such as compact generators, grinders, and tractors made in China. Among the Vietnamese goods, aside from forest products, coal, household utensils, cattle, poultry, and marine products, are Soviet-made watches, pressure cookers, and chemical fertilizers; Japanese-made television sets and video cassette recorders; white sugar from Cuba; footwear and cosmetics from Thailand; and glutinous rice from Laos.

Some Vietnamese have told newsmen that Chinese-made goods are very popular in Vietnam. This was borne out by a spectacle seen by journalists at a border market. On the mountainous trail leading to Nong Dieu Market, a group of Chinese bringing in bicycles to sell to Vietnamese formed a line that looked like a “long dragon.” Each man in the group rode a bicycle while steering another one; and the hardier among them even steered two additional bicycles. Riding in a car, we kept counting as we moved along. All in all there were more than 200 bicycles on the road. No sooner had the bicycles arrived at the gate of Nong Dieu Market than they were surrounded by a group of Vietnamese who bought them up and took them away.

Trade exchanges in the Sino-Vietnamese border area are based on the most basic principles of commodity economics: equal-price bartering, complementarity, and serving each other's interests.

For China, the first to benefit from this trade are the people living in the border area. Generally speaking, the income of the people living at the trading points and in their vicinities has increased very substantially. Border trade has stimulated economic development in the nearby townships. The face of Dong Hung Township itself has also changed drastically.

Border trade with Vietnam has also brought out the role of complementary economy. Chinese products serve as substitutes for the types of goods that Vietnam lacks or badly needs. The industrial products and raw materials or the unprocessed agricultural products imported from Vietnam are also used as supplements to what China still lacks and add variety to Chinese markets.

Sino-Vietnamese border trade has a longstanding tradition. A peaceful borderline, that is indeed in the interests of the peoples of both countries.

Mechanical, Mineral Exports Worth Over \$10 Million

92SE0042B Hanoi VIETNAM WEEKLY in English
16 Sep 91 p 5

[Text] From the beginning of this year the Import-Export Mechanical Product Enterprise (Mecanimex) of the heavy industry ministry has actively found new international markets, signing sales contracts with over 20 foreign enterprises in the Soviet Union, Algeria, Thailand, Singapore, South Korea and Taiwan.

By the end of August, Mecanimex has exported 30,000 hand-held mechanical instruments, 711 tonnes of stick tin, 11,000 tonnes of zinc ore, 150 tonnes of pure zinc power[as printed], 200 tonnes of crommit., 2,700 tonnes of rolled steel and cast iron, 200 various kinds of machines, produced by the mechanical factories in Hai Phong and Hanoi—a total value of \$6.5 million.

From now to the end of the year, Mecanimex will continue to deliver its machines, mineral products, mechanical instruments, roll steel and cast iron, worth \$4 million.

Textile, Tailoring Industry Finds More Outlets

92SE0042A Hanoi VIETNAM WEEKLY in English
26 Aug 91 p 13

[Text] The Viet Tien Tailoring Corporation in Ho Chi Minh City has won many more contracts with foreign customers, making up for declining business with Eastern Europe.

In the first seven months of the year, the corporation exported nearly 1 million products to the Soviet Union and Hungary while winning contracts for 3 million

shirts, jackets and overalls to Germany and Japan. Contracts with clients from France, South Korea, Taiwan and Hong Kong were all renewed.

In Hanoi, the Dong Xuan Knitwear Factory this year will sell 1.2 million pieces to Japan, almost twice the figure for 1990. It expects to gross \$7.8 million from sales to Japan, Western Europe, the Soviet Union and Thailand.

Meanwhile the Hoang Thi Loan Knitwear Factory in the central province of Nghe An has grossed \$750,000 for exports to France, Sweden, Italy and Hong Kong. It is filling orders from Japan and South Korea for 200,000 pieces of knitwear.

Price Changes Noted, Year-End Prospects

922E0017A Hanoi TAP CHI KE HOACH HOA
in Vietnamese Jul 91 pp 13, 14

[Article by Nguyen Ngoc Tuan]

[Text] Market price index fluctuations during the first six months of 1991 (see the table at the end of this article) show that the rate of inflation has gradually slowed and is beginning to stabilize.

The decline in the rise of food prices has played a decisive role in the decline of the rate of increase of the commodity and service price index. In January 1991, while food prices rose 19.1 percent, with the price of grain rising 15.8 percent and foodstuffs rising 20.6 percent, commodity prices rose 14.3 percent. But in the following months, the price index for the food group rose only 3-4 percent, as did the price index for commodities in general. Recently, the price of gold and the value of the dollar have continued to rise but at a slower rate than before.

Thus, it can be said that although prices are high, market prices during the first six months of the year have become more stable. Prices have not suddenly shot up. This is due to the following:

1. The winter-spring harvest in the north was poor, but the harvest in the Mekong Delta was good, with 3.8 million tons harvested, an increase of more than 200,000 tons as compared with last year. During the past period, the state has concentrated on managing the grain activities (buying and exporting grain, controlling grain among the various regions, shipping grain from the south to the north, promptly selling grain reserves when necessary, organizing broad grain sales, and so on). This has helped to keep grain prices stable.

2. The state has gradually gained control of the currency sphere. It has concentrated on managing the printing of currency and closely guided the issuing of credit and capital for necessary targets (buying grain and export goods, carrying on capital construction, and so on). At the same time, it has strengthened the mobilization of savings

and experimented with issuing treasury bills in Haiphong in order to attract the surplus cash in circulation.

3. The efforts to manage the markets and oppose speculation, smuggling and corruption have achieved a number of results. Although these results have been limited, they have, nevertheless, contributed to stabilizing market prices.

Besides the points mentioned above, another reason why commodity prices have not risen as quickly in the past six months is that after many months (since October 1990) of rising food prices, the people have had to spend most of their income on food and so their buying power with respect to other types of commodities has declined greatly. Recently, a large number of peasants in the northern provinces faced starvation. Their buying power was low and so sales of non-food commodities stagnated.

The average commodity price index for the first six months of 1991 increased 5 percent a month. But according to our estimates, during the last six months of 1991, the commodity and service price index will increase an average of approximately 3-3.5 percent a month. Thus, the average for 1991 as a whole will be 4-4.2 percent.

In order to hit the above inflation target, we must continue to improve the results of the state's macrocosmic control of the markets:

1. The state must concentrate on managing grain activities well. Because of the poor fifth-month and spring harvest in the north, urgent steps must be taken to transport grain from the south to the north and to ready sufficient grain for sale during the coming preharvest

lean period in order to prevent grain prices from skyrocketing. If domestic grain prices rise above international prices, grain exports must be halted immediately.

2. The state must implement a tight money policy and continue to formulate positive measures aimed at attracting the cash in circulation. Specifically, the state must continue to promote the mobilization of the people's savings and expand the issuing of treasury bills to the provinces.

In my view, even though the market price index has dropped below the interest rate on timed savings deposits in recent months, the state should no lower savings deposits interest rates. (The thing to note is that the average price index for the first 6 months of the year rose 5 percent, and for 1991 as a whole it is expected to rise about 4-4.2 percent.) Recently, savings deposits have increased dramatically, with the result that the state's savings deficit has increased greatly (because of mobilizing capital at a high rate of interest and loaning out money at a low rate of interest). But that is the price that must be paid in order to stabilize market prices, reduce the difficulties in the lives of the laboring people, and generate confidence and bring about social stability.

In the coming period, we must continue to oppose state subsidies in making loans at excessively low rates of interest, particularly favorable rates of interest, by gradually raising interest rates on loans. This must be done based on enabling the commercial banks to implement the commercial principles.

In the sphere of currency circulation, the state must continue to implement effective policies and measures in foreign currency activities in order to attract the foreign currency on the markets and, through this, maintain exchange rates in accord with export prices.

Price Index for the First Six Months of 1991 (%)

Market	January, 1991	February, 1991	March, 1991	April, 1991	May, 1991	Estimate for June, 1991	Six Month Average
A. Commodities and services	113.2	108.7	100.5	102.2	103.0	102.9	105.0
I. Commodities	114.3	108.8	100.2	102.4	103.2	103.0	105.2
1. Foodstuffs	119.1	111.9	97.7	103.1	104.4	103.3	106.3
2. Non-food goods	108.5	105.0	103.0	102.0	102.1	102.6	103.8
II. Services	104.3	107.4	102.4	101.4	101.8	102.0	103.2
B. Gold	111.8	100.5	96.6	98.5	101.5	106.5	102.4
C. American dollar	109.7	101.2	103.4	101.6	102.8	106.0	104.1

Article Reviews City's Non-State Enterprise Sector
922E0015A Ho Chi Minh City TUOI TRE CHU
NHAT in Vietnamese 2 Sep 91 pp 4, 5

[Article by Ngoc An]

[Text] In Ho Chi Minh City, during the past 16 years, the development of the economy has undergone many changes with respect to the production forces and production relationships. During the period 1986 to 1990,

after the state advocated expanding the five economic elements, the average rate of growth of the economic sector was 6.8 percent for the non-state industrial and artisan industry and handicrafts sectors. This represented great vitality. Thus, evaluating the formation and expansion of the non-state economic sector with respect to the labor structure and the gross value of production and implementing measures and policies aimed at promoting the growth of this economic sector are very important tasks.

Potential

In 1988 and 1989, the city had 209 private corporations and enterprises that had been issued operating permits. These had registered capital of 58.87 billion dong (1989 prices). In current prices, that is equal to 30,000 ounces of 24 karat gold. These companies employed almost 19,000 laborers (which is equal to 60 percent of the 34,000 laborers employed by the state enterprise sector in the 17 wards and districts in 15 years). According to one academic with an M.A. degree in economic science, even though the vigorous development of the non-state economic sector is a welcome sign, that does not mean that we should be optimistic about the rise of a new potential. Because to date, of the 252 units that have been issued permits, looking at the number of permits that were renewed, 80, or one-third, of the units had to disband because they were suffering losses. At 28 installations, although they had permits, they did not carry on operations or there were signs of violations being committed. On the other hand, the special characteristics of the non-state economic sector have shown that few of the owners of the production installations have full confidence in the commercial path. Expanded reproduction depends on very limited profits. Of the nearly 20,000 private installations in existence today, very few individual families have the ability to make large investments. Investment capital is not in the hands of the small owners but in the hands of the private commercial and service sectors. Because of this, they cannot invest directly or through the currency market. The real production capabilities of the non-state sector still have an artisan and handicrafts nature. This economic specialist said that of the total number of people who were part of national bourgeoisie prior to 1975, very few are now members of today's rank of businessmen. Most of the small owners who have prospered in recent years are young businessmen who have little experience in the business world and who are unfamiliar with a market economy. However, this specialist said that the potential of non-state production now rests mainly with the approximately 200,000 skilled laborers and thousands of new businessmen. Mobilizing the people's idle capital will help exploit this potential and stimulate wholesome business.

Economic research organizations and the Industrial Service estimate that of the present private corporations and enterprises, 20 percent of the production units are making a profit and fulfilling their obligation of making contributions to the state. Thirty percent of the units are investing in capital construction and preparing to go into production. They will invest in constructing about 60,000 square meters of factories and purchase another 4,000 pieces of equipment and machinery. Although most of the equipment was put into service in the 1970s and 1980s, private individuals have raised the quality of the products and found markets both here and abroad. A number of sectors such as the ready-made clothing, textile, plastics, leather and artificial leather, spices, art objects, and building materials sectors have obtained a market share and can compete with imported goods.

According to estimates of economic researchers and managers, the foremost potential of the non-state economy in Ho Chi Minh City is the capital now in the hands of the people. This includes such things as precious metals, foreign currency, and cash, which are estimated to be worth approximately 20 trillion dong. The families and non-state economic organizations that have a relationship with the more than 200,000 overseas Vietnamese represent important investment sources and major market relationships.

Obstacles and Negative Aspects That Have Arisen in the Development Process

The owners of production installations have said that to establish a new enterprise or to make changes requires going through many echelons and many bureaucratic procedures. The investment law allows foreigners to invest anywhere in Vietnam, but people in a ward who want to establish a production installation in the city must use joint venture forms. Most disguise their operations in order to avoid control by state organizations, with their deceitful target being to appropriate capital, steal, and so on.

Producers have been forced to accept foreign investment in order to renovate their technology and equipment and improve product quality. But they have encountered problems when state documents that do not clearly stipulate the scale of business cooperation only need the approval of permits controlled by the city or ministry. Thus, the present "squeezed" situation is widespread. The producers are the legal representatives (while the foreigners have the capital and the materials and equipment).

Decentralizing control of the permit process is not synchronized, and this has led to the imposition of additional taxes. To build a new production installation, the businessman must go through nine steps before he can buy a site, and it takes more than six months to get through all the land use procedures.

The root of the economy is production, but for many years, the electricity norms of production have been controlled. This illogical situation has led to production installations stealing electricity and to their having to pay unreasonable amounts when they exceed their allotment. Producers don't know to whom to appeal about sudden power outages, which damage the goods, which cause the laborers to lose wages, and which cause other types of damage. They have never been compensated for this damage.

What the production installations are interested in today is production autonomy in business so that they can satisfy market demand (except for the goods banned by the state). They are concerned about the output and input of their good quality goods, because these goods are constantly threatened by fake goods, which harms

product output and confidence. Thus, in order to overcome this obstacle, the state must implement tough measures to mete out harsh punishment to those who produce fake goods.

The Operating Experiences of the Non-State Units

Surveys conducted at privately-owned corporations and enterprises in precincts 5, 6, and 11 and Tan Binh Ward show that domestic producers who want to mobilize capital from abroad must have real operating strength and a production installation that is operating with a good commercial production plan. As for "trust," those who have borrowed funds must repay the loan and make their loan payments on time. Because of this principle, many producers have borrowed hundreds of thousands of dollars from their friends to import materials and equipment. Having to deal with market fluctuations and the rapid increase in inflation, businessmen have looked for positive credit measures in order to prevent assets from stagnating in the storehouses. They have done this by buying raw materials and paying for them three days later (the price is a little higher than paying for them immediately). This is a form of short-term credit that has the following advantages: Both sides profit through economic results, commodity circulation is rapid, and neither side has to go through cumbersome procedures (this method can, however, create loopholes to avoid paying taxes). Something worth noting is that producers are giving little attention to building new plants. Instead, they are investing in renovating the technology, equipment, and machinery and using the existing sites in order to recover their capital quickly.

Adjusting to markets means investing in machinery and equipment. According to businessmen, this factor accounts for 80 percent of product quality. Businessmen have stressed expanding their markets and gaining market share using information on prices, tastes, demand, and so on through their customers, the owners of the storehouses in the localities.

Almost all of the non-state production installations have a very small organization, from three to five people depending on the size of the operation. Managers also perform direct functions. The owner is also the director of operations and the person who guides business techniques. The controller also serves as the storehouse manager and sells and delivers goods. The accountant is also responsible for gathering information on commodity markets, rates of exchange, currencies, and so on.

As for the operation of the modern equipment and machinery, businessmen have hired skilled operators, paying them high wages, or hired people to read the instructions on the use of the equipment imported from abroad. Workers are selected based on long-term skills or based on production and market needs. Along with attracting workers from state economic units, training is provided on the spot. The relationship between the owner and the workers is similar to a family relationship.

This close relationship, added to proper material incentives, results in the non-state production installations having high labor productivity.

In selecting foreign technology and equipment, businessmen give attention to two aspects. Some go abroad themselves, or they rely on trusted people abroad to select equipment and machinery (because of the difficulties and expenses involved in going themselves). One businessman said that once the level of accumulation is fairly large, he will invest in modernizing to the level of other countries in Southeast Asia.

The Direction of Development of the Non-State Economy

In order to stabilize and expand the non-state economic sector, I think that the city should establish an organization directly subordinate to the Municipal People's Committee. This organization should be responsible for managing the entire non-state economic sector in order to carry out the following: issue business permits, monitor the financial activities, volume of business, and profits, implement the legal write off procedures for business subjects, classify and evaluate all the collective economic units with respect to potential and capabilities, and so on in order to apply a number of favorable policies. In order to attract foreign investment capital, I think that a law must be promulgated to guarantee the legal rights of foreigners who invest capital. A separate bank should be established to support the expansion of industry and artisan industry and handicrafts using a rational interest rate system. Interest rates on the various types of goods must be adjusted. The possibility of forming a short-term credit market must be studied. Encouragement must be given to the young investors in the country. They must be given help so that they can find markets, improve their managerial standards, and expand the scale of production as permitted. Also, conditions must be created to enable businessmen to travel abroad and become familiar with international markets.

In the city, for many years now, the investment units (including foreign investors) have focused on the service, travel, and commercial sectors—building markets, stores, hotels, and so on—for purely commercial reasons. Today, the state should take steps to focus investments on building the technical infrastructure and aid the non-state production units. This is an urgent task, the purpose of which is to put the non-state economic sector in the right development orbit within the national economy.

Non-State Industry and Artisan Industry and Handicrafts

Number of units and production installations: 21,197.

Number of laborers as of June 1991: 132,766.

Another 4,000 pieces of equipment and machinery added during the period 1988-1990.

Sectors accounting for a large part of the gross value of artisan industry and handicrafts production in the city (according to NIEN GIAM THONG KE, December 1990, Ho Chi Minh City):

Electrical and electronic machinery and equipment: 58.09 percent.

Chemicals and rubber: 46.05 percent.

Textiles, leather, clothing: 38.8 percent.

Food processing: 35.96 percent.

Capital:

In 1988, every dong of capital generated 2.36 dong of business revenues.

During the period 1988-1990, in a number of wards, private individuals invested almost \$20 million.

Forms of capital formation: gifts, money from overseas Vietnamese, loans, use rights, investment cooperation to expand.

Potential sources of capital: The gold, precious stones, dollars, and so on held by the people are estimated to be worth approximately 20 trillion dong.

More than 200,000 Vietnamese families living abroad have not only family ties but also economic ties with relatives living in Vietnam. If the state implements appropriate policies to exploit these ties, this will be an important source of investment capital and a very important market relationship.

Shrimp-Exporting in Provinces Facing Problems

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[Article by Vu Hanh Hien, Nguyen Kien Phuoc, Trong Dat, and Truong Van Khoi]

[Text] Shrimps and fish play the most important role in the economy of most coastal localities in South Vietnam proper. In the first half of this year alone, Minh Hai Province processed 6,834 tonnes of frozen shrimps for export, earning US\$27,428,000.

With an annual catch of 60,000 tonnes of shrimps at present, Minh Hai is the leading processed-shrimp exporter with an increasing number of well-equipped processing factories such as those in Ca Mau, Gia Rai, Vinh Loi and Ngoc Hien (alias Nam Can) districts. Gia Rai district achieves the biggest shrimp export turnover with nearly US\$7 million earned since its establishment in July last year. Mrs. Huynh Ngoc Tua, director of the Vinh Loi district seafood export company, said in the shrimping season her company has to employ from 1,000 to 1,500 more labourers to ensure the maximum supply of raw material for the factory.

Minh Hai also boasts the largest surface area of shrimp-rearing marshes supported by rational criss-cross systems of man-made embankments, canals and ditches. The shrimp spawns in the open sea, after hatching, its larvae come ashore with the tide and are trapped in the marshes where they grow to full size. By this method, shrimps are also reared even in the wet-rice field, submerged forests and coconut orchards, and salt-marshes.

Before the liberation of South Vietnam in 1975, offshore fishery was a very strong industry in South Vietnam proper, employing some 400,000 labourers with about 95,000 fishing vessels and annually exporting 46,000 tons of canned seafood. But its production plunged rapidly in a whole decade from 1976 due to poor management, obsolete equipment, shortages of capital and materials, and low processing, transporting and marketing capabilities. When the Government introduced economic reforms based on the market mechanism and an open-door policy in international cooperation just a few years back, shrimp became a strategic export item of South Vietnam proper and has since received special attention. At present, more than 20 shrimp-processing factories, each capable of putting out six tonnes of products or more per day, are operating along the coast line from Ho Chi Minh City to the border with Cambodia to the southwest, not to mention the smaller ones. Ho Chi Minh City has much larger factories, either run by the central government or the municipal administration, and more favourable conditions in marketing and exportation than other localities. Meanwhile, a number of localities having no sources of raw material and wanting for foreign customers also build refrigeration factories of their own, hoping very much for earnings from frozen shrimp and fish exports. This brings the total number of such factories in the whole country to 100. There is a real rush of export companies of different levels—central, provincial and district—for the shrimp business. Those factories and companies belong to the public sector and have to operate under an approved production plan, hence they are often slow to respond to the price fluctuations in the market and fail to compete with an increasing number of private shrimp and fish traders who manage to broaden their business with the support of some foreign importers and companies.

Mr. and Mrs. Hai Hung of Bac Lieu district, who run a store to purchase shrimps from local fishermen and farmers for the Hung Vuong Export Food Processing Company of Ho Chi Minh City, said shrimp catchers and farmers generally want to sell their products to the public sector, but at stable prices at all times—even now that there is an increasing demand for shrimps for export, they still refrain from raising their selling prices—and without any cumbersome procedures or impositions. It is regrettable however that there exist many manifestations of negativism between local shrimp catchers and farmers, and foreign customers.

Shrimp exporters have to pay many unreasonable "taxes." Someone in Vinh Hoi district in Minh Hai said

jokingly that a shrimp taken out of sea with a straight back became hump-backed in Ho Chi Minh City under a heavy load of at least four taxes and a dozen fees imposed on it by one locality or another on the way. According to the director of the Vinh Loi district seafood export company, about 18 different taxes are levied on this company, including brood tax, farming tax, provincial exit tax, gross receipts tax, export tax, profit tax, product quality control charge, obligatory contribution to local budget, road tax, parking lot fee and ferry fee. As such, the export shrimp becomes a target of all kinds of tax collectors and extortioners. Another export company director, who insisted on being anonymous, said he had to order his company's shrimp-carrying trucks to operate unlabelled in order not to be stopped at every checkpoint, that would render the shrimp stale on reaching the factory. But shrimp exporters suffer most from natural resource tax which varies from locality to locality. For instance, while this tax amounts to ten percent in Vinh Loi, it is charged at only five percent in an adjacent district.

Last but not least, shrimp export is being hampered by all forms of parochialism as well as by a lack of coordination on the part of the export units in the public sector.

The remedial measures to be taken should include prevention of all attempts by local and foreign businessmen at disturbing the supply-and-demand situation in the shrimp fields, protection of those healthy and thriving production and export units currently realizing highly-paying contracts with foreign customers, and revision of taxation aimed at promoting export-led production and limiting imports.

SOCIAL

Employment Situation in Ho Chi Minh City

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[Article by Nguyen My Dung, Municipal Planning Commission]

[Text] Ho Chi Minh City, with a population of 4,146,000 people, is the largest city in the country. In 1991, if unorganized migration is included, the average population of the city stands at 4,146,000 people. There are 408,000 people between the ages of 13 and 16, and 65 percent of these people are students at a Level II, Level III, or vocational schools. The rest need jobs. There are approximately 25,000 discharged soldiers, assault youth who have completed their terms, and cooperative laborers who have returned home. Since the implementation of Decision 176-HDBT, there are approximately 40,000 surplus people on the staff. Of the housewives between the ages of 16 and 55, 40 percent are young women who have graduated from a general school or a vocational school and who have not yet been able to find stable work. In 1991, there are 300,000 people in the city who are looking for work. Creating new jobs is very

difficult. This has been a constant pressure for many years. Even by the year 2000, it will not be possible to find jobs for all the laborers.

1. A Number of Possibilities

Implementing the policy of developing a multifaceted commodity economy, the state is creating a favorable environment and favorable conditions for people of work age to find jobs in accord with the law and select the form of commercial production organization by themselves. As a result of renovating viewpoints on labor strength, there has been a positive change in creating jobs for laborers.

The city has a force of skilled, capable, and creative laborers with cultural standards who can easily adapt to any situation. Approximately 11 percent of the people in the city are of Chinese ancestry. These people have commercial and marketing skills and they have a close relationship with relatives in many countries in the world. This is a strength that must be exploited. The laborers in the city are concentrated in the industrial, artisan industry and handicrafts, and service sectors. Many of the artisan industry and handicrafts sectors have the ability to let out work that can be done at home, coordinate the strengths of male, female, elderly, and young workers, and coordinate teaching skills with actually doing the job.

The development of a market economy has given rise to new service needs such as travel, the supply of technical materials, science and technology, and expansion of services to repair the infrastructure (electricity, water, houses, and information) and services to satisfy food, living, entertainment, recreational, cultural, and athletic needs. Such forms as family child care centers, family kindergartens, and semipublic schools have appeared in the professional sector.

Given its scientific and technical potential and favorable conditions with respect to sources of commercial production capital, the city can engage in joint ventures with provinces in the east, such as Song Be, and in the Central Highlands, such as Lam Dong and Dac Lac, and form industrial crop zones, such as coffee, tea, mulberry tree, and eucalyptus zones, that will attract laborers to the joint venture zones.

2. Several Experiences of the City

Developing a multifaceted economy is the main guideline for creating jobs. Based on Decree 27-HDBT and Decree 28 HDBT of 9 March 1988 on the individual, private, and collective economies, on 26 October 1989 the Municipal People's Committee issued decisions 639/QD-UB and 640/QD-UB on private industrial, service, building, transportation, fishing, and commercial services corporations and on procedures for forming a private enterprise or corporation.

As of the end of the first quarter of 1991, the city had 189 private corporations that had been issued permits. These

corporations employed 2,800 laborers. There were 8,800 individual households that had established production organizations. These employed 65,600 laborers. And there were 1,033 production teams that employed 13,887 laborers. The cooperatives and private enterprises each employed an average of 25-30 laborers. Typical examples are the Bitit paper cooperative, which employed more than 1,000 laborers, and the Minh Phung clothing cooperative, which employed 4,000 laborers.

Services have begun to expand from the bottom (family services, child care, kindergartens, and so on) to the top (travel services, commerce, materials, science and technology, and so on). These can create jobs for 30-40,000 laborers and semiprofessional and professional workers.

In the state economic sector, laborers have been employed in the city's key economic sectors through loan sources to support commercial production and foreign investment capital. This has provided jobs for 20-30,000 laborers a year. The city is the leading unit in the country in the movement to mobilize youths to build new areas and to carry out the social and economic tasks. To date, the city's assault youths have assembled 10,000 laborers.

In a commodity economy, product quality is the decisive factor for the survival of a production installation. Thus, teaching skills is the important element in creating jobs. In past years, the city has given particular attention to providing training, being "flexible" in the training sphere, permitting a private training system to come into existence with almost 250 schools, contributing to satisfying the need to improve the people's standard of culture, and resolving the conflict between work and training. The city has coordinated things with the various mass organizations, such as the youths' and women's organizations and the trade unions, in providing job training and familiarization. The mass associations have focused on creating jobs. The city's

Orchard Association, for example, has loaned money to peasant households to organize production and stabilize their lives. Although the amount of money has been very small, it has contributed to creating jobs and stabilizing living conditions for the poor policy families in the rural districts.

The role of the job training and familiarization centers must be solidified and exploited. These organizations have tied labor supply to labor demand, provided job training, and recommended jobs to the economic and service elements. This is a precondition for forming a labor market.

3. A Number of Proposals

Ho Chi Minh City has great potential with respect to expanding the economy in order to create jobs. The important thing is to create a favorable environment for implementing this strategic task. First of all, the capital market must be expanded, particularly the credit sources of the state, in order to help the units that are subordinate to the economic elements invest more and supplement their liquid assets to expand production.

The matter of sending people from the city to economic areas to engage in joint business ventures with the provinces has encountered serious obstacles. The targets of this are the homeless people. They are poor, and they are social targets. Unless we solve the housing problem and provide them with initial help so that they get used to working before they find ways to support themselves, it will be very difficult for the city to reduce the size of the population and solve the social problems.

Because providing jobs is a priority target, the tax policy must encourage the units concerned to expand production and create jobs for the people. The state must study the possibility of waiving taxes on all types of vocational training forms in order to help facilitate creating jobs.